

**Bonneville  
Power  
Administration**

**Department of Energy**  
**FY 1998 Budget Request to Congress**  
(discretionary dollars in thousands)

	FY 1996 Current Appropriation	FY 1996 Comparable Appropriation	FY 1997 Current Appropriation	FY 1997 Comparable Appropriation	FY 1998 Request
<b>Power Marketing Administrations:</b>					
Alaska Power Administration					
Alaska power administration	4,245	4,245	4,000	4,000	1,000
Transition and termination	5,500	5,500	—	—	—
Total, Alaska Power Administration	9,745	9,745	4,000	4,000	1,000
Southeastern power administration	29,851	29,851	27,445	27,445	16,222
Southwestern power administration	30,702	30,702	27,804	27,804	26,500
Western Area Power Administration					
Western area power administration	275,939	276,282	248,691	248,691	229,964
Transfer of current authority from DOI	4,556	4,556	3,774	3,774	—
Total, Western Area Power Administration	280,495	280,838	252,465	252,465	229,964
Falcon & Amistad Operating & Maintenance Fund	1,000	1,000	970	970	1,065
Colorado River Basin Power Marketing Fund					
Spending authority from offsetting collections	123,276	123,276	120,431	120,431	124,786
Offsetting collections	-123,276	-123,276	-130,431	-130,431	-140,884
Total, Colorado River Basin	—	—	-10,000	-10,000	-16,098
Subtotal, Power Marketing Administrations:	351,793	352,136	302,684	302,684	258,653
Use of prior year balances	-35,210	-35,210	-68,789	-68,789	-21,630
Total, Power Marketing Administrations	316,583	316,926	233,895	233,895	237,023
<b>Bonneville Power Administration (non-add)</b>					
Budget authority	(-194,000)	(-194,000)	(-14,000)	(-14,000)	(-41,000)
Capital obligations	(161,000)	(161,000)	(277,000)	(277,000)	(253,000)

**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET**

**PROPOSED APPROPRIATIONS LANGUAGE**

Expenditures from the Bonneville Power Administration Fund, established pursuant to Public Law 93-454, are approved for Columbia River Basin fisheries production/supplementation facilities and official reception and representation expenses in an amount not to exceed \$3000 [~~- and for construction of Eastern Canadian Intertie (Coulee-Oliver) facilities~~].

During fiscal year-[1997] 1998 no new direct loan obligations may be made.

Explanation of changes:

Proposed FY 1998 appropriation language authorizes construction of a new fishery facility as required by the Pacific Northwest Electric Power and Planning Act for new fish and wildlife facilities of \$1 million and an economic life greater than 15 years (PL 96-501, sec.4.(H)(10)(B)).

Language deletes approval to initiate construction of Oliver facilities because approval is not requested in FY 1998. Such approval for “major transmission facilities” is required pursuant to the Federal Columbia River Transmission System Act of 1974. (PL 93-454, Sec. 4(D)).

The proposed appropriations language authorized reception and representation expenses in FY 1998 at the same level as FY 1997 and restricts new direct loans in FY 1998 as in FY 1997.

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**EXECUTIVE SUMMARY**

**OVERVIEW**

Bonneville Power Administration (Bonneville, BPA) is the Department of Energy's electric power marketing administration for the Federal Columbia River Power System (FCRPS). As stated in BPA's Business Plan, BPA's strategic mission is to: (1) provide electric power, transmission, and energy efficiency in increasingly competitive markets, (2) support the achievement of BPA's responsibilities for fish and wildlife, energy conservation, renewable resources, and low-cost electric power for the region, (3) remain a low-cost producer and a creative and flexible marketer in the region, helping to ensure the economical and environmental health of the Pacific Northwest, and (4) value individual diversity, entrepreneurial spirit, personal responsibility and the public service of Bonneville employees. BPA's business strategies to fulfill its mission can be summarized as meeting the electric energy market price, managing costs to be competitive in providing services to customers, strengthening BPA's financial position, and reorienting the organization to be responsive, flexible and competitive.

BPA provides electric power (about half of the electricity consumed in the region), transmission (about four-fifths of the region's high voltage transmission capacity), and energy efficiency throughout the Pacific Northwest, a 300,000 square mile service area. BPA markets the electric power produced at 29 Federal hydroelectric multipurpose dams in the Pacific Northwest by the Corps of Engineers and the Bureau of Reclamation, and acquires non-Federal power and electric energy conservation resources to meet the needs of its customer utilities.

Congress created BPA in 1937 as part of the Bonneville Project Act, providing BPA's basic statutory utility responsibilities and authorities. In 1974, passage of the Federal Columbia River Transmission System Act placed BPA under provisions of the Government Corporation Control Act (31 U.S.C 841 et.seq.) and provided BPA with "self-financing" authority through the BPA Fund, a revolving fund, allowing BPA to use its revenues from electric rate payers to directly fund all programs and to sell bonds to the U.S. Treasury to finance the region's high-voltage electric transmission system requirements. In 1980, enactment of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act), expanded BPA's utility obligations and responsibilities to encourage electric energy conservation and develop renewable energy resources, and protect, mitigate and enhance the fish and wildlife of the Columbia River and its tributaries. In support of these expanded responsibilities, BPA's Treasury borrowing authority was expanded to allow the sale of bonds to finance conservation and other resources and carry out fish and wildlife capital improvements.

BPA's program is mandatory, nondiscretionary. It receives no annual appropriations from Congress. BPA funds the expense portions of its budget and repays the Federal investment in the Government's Pacific Northwest power system with revenues from electric rates. BPA is authorized to sell bonds to the Treasury up to a cumulative outstanding total of \$3.75 billion (permanent, indefinite borrowing authority). Through FY 1996, BPA has returned approximately \$13.3 billion to the Treasury for payment of FCRPS O&M (about \$2.5 billion), interest (about \$7.4 billion) and amortization (about \$3.4 billion). Bonneville made its full FY 1996 payment of over \$801 million as scheduled. For FY 1997, BPA plans to pay the Treasury \$791 million, of which \$205 million is to repay investment principal. The FY 1998 Treasury payment is currently estimated at \$805 million, including \$228 million for repayment of principal, and \$466 million for interest.

Bonneville's FY 1998 budget has been prepared on the basis of its three major areas of activity, power, transmission and energy efficiency. Prior budgets were presented as operating and expense programs. This new structure supports Bonneville's reorganization undertaken to become more competitive in the rapid restructuring of the deregulated wholesale electric energy market. This industry deregulation stems largely from the 1992 Energy Policy Act and ensuing Federal Energy Regulatory Commission (FERC) orders (FERC orders 888 and 889) requiring separation of utilities' power and transmission functions. As a Federal agency Bonneville is not bound by law to comply with the orders, but chose to comply with the FERC orders because it views compliance as essential to successfully compete in the electric power market of the future. Further, Bonneville supports DOE's October 1995 "Power Marketing Administration Open Access Policy". This budget reflects Bonneville's functional separation of power and transmission and its accounting and budgetary implementation of major activities.

BPA's FY 1998 budget incorporates the budget reductions BPA has made to remain competitive in the electric utility industry in the Pacific Northwest as the industry restructures itself. These spending levels were used to develop the revenue requirement for the 1996 rates filed with FERC and effective October 1, 1996. Consistent with the FY 1996 Rate Case, Bonneville is assuming revenue financing of a portion of its capital investments, in an effort to reduce its reliance on debt financing. These budget estimates, however, are still subject to continual change due to rapidly changing economic and institutional conditions in the evolving , competitive electric utility industry in the Pacific Northwest.

Total Operating Expenses for fiscal year 1997 are significantly lower than in other fiscal years due to the Residential Exchange program. The gross costs of the exchange program are included for all but fiscal year 1997. The gross costs are partially offset by exchange revenues. For fiscal year 1997, the Energy and Water Development appropriations Act, Public Law 104-46, established Residential Exchange costs at \$145 million. See Operating Expenses- Power Services Business Line for additional information on the Residential Exchange.

**FUNDING SUMMARY (accrued expenditures in millions of dollars)**

	<b>FY 1996</b>	<b>FY 1997</b>	<b>FY 1998</b>
<b>CAPITAL INVESTMENTS</b>			
Transmission Business Line	\$137	\$155	\$149
Power Services Business Line	\$51	\$47	\$40
Conservation & Energy Efficiency	\$ 39	\$47	\$32
Capital Equipment	<u>\$9</u>	<u>\$9</u>	<u>\$9</u>
Total Capital Investments	\$236	\$258	\$230
Accrued expenditures will require budget obligations of	\$161	\$277	\$253
Operating Expenses (& reimbursables)	\$2,902	\$1,989 /1	\$2,986
<b>CAPITAL TRANSFERS (cash)</b>	\$268	\$205	\$228
<b>BPA NET OUTLAYS</b>	-\$141	-\$34	-\$66
<b>BPA STAFFING (FTE) 2\</b>	3,160	3,131	2,930
1\ FY 1997 Total Operating Expenses reflect Energy and Water Development Appropriations Act, Public Law 104-46, which establishes residential exchange costs at \$145 million. All other fiscal years reflect gross exchange costs that are partially offset by exchange revenues. See Operating Expenses- Power Services Business Line for additional detail.			
2\ FTE reflect FY 1996 actuals and updated estimates.			

**FY 1998 PERFORMANCE OBJECTIVES**

- Produce gross revenues of over \$3 billion from the \$13 billion FCRPS investment, and repay the U.S. Treasury \$ 805 million for operation and maintenance costs, interest and principal payments for the Federal Columbia River Power System and direct funding of Bureau of Reclamation power O&M of \$47 million.

- Invest \$230 million in new capital assets for transmission, power, and conservation and energy efficiency.
- Sell about 75,000,000 megawatt-hours of electricity and wheel and exchange an additional 75,000,000 megawatt-hours of electricity.
- Serve more than 190 wholesale utility and industrial customers and interconnected utilities.
- Operate and maintain 14,800 circuit-miles of electric transmission lines, about 400 electric substations and associated utility and general plant, with a combined transmission system capital investment of \$5 billion.
- Provide and reliably operate about 80 percent of the 300,000 square-mile Pacific Northwest's high-voltage electric energy transmission capacity and work with other regional utilities and others to ensure an effective, efficient power supply system for the region's population of more than 10 million persons.

These performance objectives support BPA's strategic mission to:

Provide electric power, transmission, and enhanced energy efficiency in increasingly competitive markets; support achievement of BPA fish and wildlife, energy conservation, renewable energy and low-cost power responsibilities; remain a low-cost producer and creative, flexible marketer in the Pacific Northwest, helping ensure the economic and environmental health of the Pacific Northwest; and, value individual diversity, entrepreneurial spirit, personal responsibility and public service of BPA employees.

**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET SUBMITTAL IN FY 1998 BUDGET STRUCTURE**

**PROGRAM FUNDING PROFILE a/  
(in millions of dollars)**

	<b>FY 1996 Actuals</b>	<b>FY 1997 Proposed b/</b>	<b>FY 1997 Amendment</b>	<b>FY 1997 Revised c/</b>	<b>FY 1998 Proposed c/</b>
<b>Capital Investment Obligations</b>					
1 Power Business Line d/	25	NA	0	20	13
2 Fish & Wildlife d/	31	NA	0	27	27
3 Transmission Services	115	NA	0	175	171
4 Conservation & Energy Efficiency	(17) g/	NA	0	47	33
5 Capital Equipment	7	NA	0	8	9
6 <b>TOTAL CAPITAL OBLIGATIONS</b>	<b>161</b>	<b>287</b>	<b>0</b>	<b>277</b>	<b>253</b>
<b>Expensed and Reimbursable Obligations</b>					
7 Expensed	2,877	3,055	0	1,973 e/	2986
8 Reimbursables	25	18	0	15	NA
9 <b>TOTAL OBLIGATIONS (lines 6+7+8)</b>	<b>3,063</b>	<b>3,360</b>		<b>2,265</b>	<b>3,239</b>
10 Capital Transfers (cash)	268	263	0	205	228
11 <b>BPA TOTALS (lines 9+10)</b>	<b>3,331</b>	<b>3,623</b>	<b>0</b>	<b>2,470</b>	<b>3,467</b>
12 Staffing (FTE) f/	3,160	3,272	--	3,131	2,930

a/ BPA's FY 1998 budget has been prepared in accord with the Budget Enforcement ACT (BEA) of 1990. Under this Act all BPA budget estimates are treated as mandatory and are not subject to discretionary "caps" in the BEA. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, changes to BPA estimates cannot be used to affect any other budget categories such as domestic discretionary, or defense discretionary which have their own legal dollar caps. Because BPA operates within existing legislative authority, BPA is not subject to a BEA "pay-as-you-go" test regarding its revision of funding estimates.

b/ This estimate reflects BPA's FY 1997 Congressional Budget Submission.

c/ This estimate is consistent with BPA's 1996 Final Rate Proposal, June 1996 and the 1997 Energy and Appropriation Bill.

d/ The Power business line includes Fish & Wildlife in the Performance Summaries, which appears separately on line 2 of this table.

e/ FY 1997 Expensed Obligations (line 7) reflect Energy and Water Development Appropriations Act, Public Law 104-46 which establishes residential exchange costs at \$145 million. All other fiscal years reflect gross exchange costs that are partially offset by exchange revenues. See Operating Expenses - Power Services Business Line for additional detail.

f/ FTE reflect 1996 actuals and updated estimates.

g/ In conjunction with the termination of various conservation programs and changes in project workplans, BPA has deobligated several conservation projects resulting in a negative obligation balance in FY 1996. During FY 1996, about \$39 million was obligated and about \$56 million was deobligated resulting in a net balance of -\$17 million.



**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET**

**PROGRAM MISSION**

**General Overview**

The Bonneville Power Administration (Bonneville, BPA) provides electric power, transmission and energy efficiency throughout the Pacific Northwest. Created in 1937 to market and transmit the power produced by the Bonneville Dam on the Columbia River, Congress has since then directed Bonneville to sell at wholesale the power produced at a total of 29 Federal dams, and to acquire non-federal power and conservation resources sufficient to meet the needs of Bonneville's customer utilities. Bonneville serves a 300,000 square mile area including Oregon, Washington, Idaho, Western Montana, and parts of Northern California, Nevada, Utah and Wyoming.

The Federal Columbia River Transmission System Act of 1974 (Transmission System Act) placed Bonneville under the provisions of the Government Corporation Control Act (31 U.S.C. 841 et.seq.) and allows Bonneville to use its revenue from electric ratepayers to fund all programs directly through the BPA revolving fund, and sell bonds to the U.S. Treasury to finance the region's high voltage transmission requirements. The Pacific Northwest Electric Power Planning and Conservation Act of 1980 (Northwest Power Act, Regional Power Act) expanded Bonneville's utility obligations and responsibilities to meet requesting utility loads, encourage conservation and develop renewable resources, and to protect, mitigate and enhance the fish and wildlife of the Columbia River and its tributaries. In support of these responsibilities, Bonneville's borrowing authority was expanded to allow the sale of bonds to finance conservation and other resources and carry out fish and wildlife capital improvements. This Act also required regional energy plans and programs and created the Northwest Power Planning Council (Planning Council).

Bonneville is "self-financed" by the electric ratepayers of the Pacific Northwest and receives no annual appropriations from Congress. Bonneville's statutory budget authority is provided by the revenue-generating and rate-setting authorities of the Bonneville Project Act of 1937. Under the Transmission System Act, Bonneville funds the expense portion of its budget and repays the Federal investment with revenues from electric rates. Bonneville's revenues fluctuate primarily in response to market prices for fuels and commodity metals and to weather conditions affecting stream flows in the Columbia River System. Bonneville's permanent, indefinite statutory borrowing authority authorizes the agency to sell bonds to the Treasury up to a cumulative outstanding total of \$3.75 billion. Through FY 1996, Bonneville has returned approximately \$13.3 billion to the U.S. Treasury in interest, amortization, and repayment of Federal power generation, operation, maintenance, and construction costs. Bonneville made its full FY 1996 payment of over \$801 million as

scheduled. Based on the 1996 Final Rate Proposal and the Bureau of Reclamation Direct Funding Memorandum of Agreement Bonneville's projected total Treasury payments are \$791 million in FY 1997 and \$805 million in FY 1998. Starting in FY 1997, Bonneville is directly funding Bureau of Reclamation power O&M costs. These estimates are based on new power sales and transmission rates effective at the beginning of FY 1997.

Bonneville's FY 1998 budget has been prepared on the basis of its three major areas of activity, power, transmission and energy efficiency. Prior budgets were presented as operating and expense programs. This new structure supports Bonneville's reorganization as part of its competitiveness project undertaken to make Bonneville more competitive in the rapidly restructuring, deregulated wholesale electric energy market. This industry deregulation stems largely from the 1992 Energy Policy Act and ensuing Federal Energy Regulatory Commission (FERC) orders (FERC orders 888 and 889) requiring separation of utilities' power and transmission functions. As a Federal agency Bonneville is not bound by law to comply with the orders, but chose to comply with the FERC orders because it views compliance as essential to successfully compete in the electric power market of the future. Further, Bonneville supports DOE's October 1995 "Power Marketing Administration Open Access Policy". This budget reflects Bonneville's functional separation of power and transmission and its accounting and budgetary implementation of business lines.

This budget proposes FY 1998 accrued expenditures of \$2.986 billion for operating expenses and reimbursables, \$230 million for capital investments, and \$228 million for capital transfers. It incorporates a series of budget and cost reductions Bonneville has made throughout the 1996 rate process, just completed this summer, to remain competitive in the rapidly evolving competitive electric utility industry. Note that total operating expenses for FY 1998 are significantly higher, \$998 million, than in FY 1997 due to the residential exchange program. For all but FY 1997 the gross costs of the residential exchange program are included and will be partially offset by exchange revenues. For fiscal year 1997, the Energy and Water Development Appropriations Act, Public Law 104-46, establishes residential exchange costs at \$145 million. See Operating Expenses- Power Services Business Line for additional information on the residential exchange program.

Spending levels in this budget are still subject to change due to several reasons, including: 1) Continued review and adjustment of funding requirements by Bonneville to accommodate competitive dynamics in the region's energy markets, 2) potential termination costs associated with contracts that Bonneville is closing out, and 3) budget and finance changes associated with Bonneville's shift of its enterprise activities from service programs to business lines.

## **Bonneville's Strategic Mission**

In 1995 Bonneville completed a Business Plan and an associated environmental impact statement. The Business Plan is the foundation and guidance for Bonneville's strategic evolution to competitive utility business lines of products and services. Bonneville's Business Plan will also be the basis for Bonneville's strategic plan and other requirements of the Government Performance and Results Act of 1993. As stated in Bonneville's Business Plan, the strategic mission of Bonneville is:

- To provide electric power, transmission, and energy efficiency in increasingly competitive markets.
- To support the achievement of BPA's responsibilities for fish and wildlife, energy conservation, renewable resources, and low-cost power for the region.
- To remain a low-cost producer and a creative and flexible marketer in the region, helping to ensure the economical and environmental health of the Pacific Northwest.
- To value individual diversity, entrepreneurial spirit, personal responsibility and the public service of Bonneville employees.

## **Objectives and Performance Measures**

1996 is the second year of operations under Bonneville's Business Plan. As a Federal enterprise conducting business in the marketplace, Bonneville must assume the characteristics of a successful business. To this end, Bonneville has developed and measures its progress in attaining established critical success indicator (CSI) performance measures for seven strategic business objectives (SBO). Following are the 1996 SBO's and their associated performance measures, which were reported to the President, Congress, the Department of Energy, the General Accounting Office, and the .Office of Management and Budget to meet the requirements of the Chief Financial Officers (CFO) Act (Public Law 101-576).

Objective 1. Achieve high and continually improving customer satisfaction:

Performance Measure Improving customer overall satisfaction targets as measured by customer surveys.

Objective 2. Increase the value of our business and share the expanding benefits.

Performance Measure-Value of public agency utility contracts measured by value of signed contracts.

Performance Measure-Business line operating results as measured by business line net revenues.

Performance Measure-Conservation acquired as measured in megawatts.

Performance Measure-Improving constituent overall satisfaction as measured by constituent surveys.

Objective 3. Be the lowest-cost producer of power and transmission services.

Performance Measure-Business line expenses as measured against targets

Objective 4. Achieve and maintain financial integrity.

Performance Measure-Progress toward targeted financial reserves.

Objective 5. Keep the power system safe and reliable.

Performance Measure-Recordable injury rate.

Performance Measure-Beat competitive benchmark for system average interruption frequency index (SAIFI).

Objective 6. Invest in environmental results to sustain competitiveness and deliver Federal benefits.

Performance Measure-Maintain progress toward enhancement of the region's fish and wildlife resources while reducing customer's concerns about uncertainty in Bonneville's obligations for fish and wildlife costs.

Objective 7. Transform Bonneville into a high-performing, business-oriented organization.

Performance Measure-Perceptions of work environment as measured by respondents' agreement.

These objectives present a long-term focus which is designed to position Bonneville for the future. As BPA continues to respond to evolving competitive market conditions, both the objectives and performance measures are subject to change in order to maintain their relevance to management decisions.

### **Significant Accomplishments and Program Shifts:**

Bonneville's FY 1998 budget reflects the significant financial and business events of the past year that have shaped Bonneville's response to the ever intensifying competitive pressures of the region's electric utility industry. Throughout the past year Bonneville continued budget and FTE reductions necessary to enhance its competitive, cost-effective delivery of business-line utility products and services and continued delivery of the public benefits of its operations, while ensuring its ability to continue to make timely, scheduled Treasury repayments for Bonneville borrowing and Federal Columbia River Power System investments. As of June 1996 Bonneville has completed three major cost reductions since early 1995. Combined, these decision processes have reduced planned annual operating expense levels for FY 1996-2001 by an average \$600 million from the levels in the FY 1995 Congressional budget, down nearly to the average actual operating expense level for FY 1993-1995.

These cost reductions were necessary. In a deregulated wholesale power industry, with fast-falling market prices, Bonneville no longer can increase its rates to cover cost increases. Costs must be managed to keep rates at competitive levels. As part of its cost-management response to growing competition, Bonneville has fundamentally changed its approach to determining spending levels. The budget is developed strategically, taking into account cost drivers, market place, statutory and contract requirements, other program imperatives and financial policy.

Bonneville's cost reductions have had a major impact on the agency's human resources, both Federal full-time equivalents (FTE) and contractor full-time equivalents (CFTE). In 1994 Bonneville established targets of reducing its FTE by 500 and its CFTE by 500, by FY 1997 as part of its competitive efforts. As a result of severe cost cutting, reorganization, and the availability of voluntary separation incentive authority (VSI) Bonneville has achieved its target goals. Despite the success of a 3-year effort to reduce its regular and contractor staff by 20 percent, further reductions are necessary. Bonneville has announced new reduction targets over the next 3 years. The FY 1998 budget reflects a Bonneville FTE level of 2,930. Bonneville's outyear FTE target for FY 1999 and beyond, after attainment of the recently announced additional employee and contractor reductions, is 2,755 FTE.

The organizational downsizing and cost-cutting have yielded benefits to Bonneville's rate payers. Whereas Bonneville initially proposed to raise its power and transmission rates at the beginning of the 1996 rate process, it has completed the process with an average 13 percent rate reduction for preference customers (public utilities, municipalities and cooperatives) stabilized over 5 years. While the amount of the decrease for customers individually will vary with each customer's mix of products and services purchased, Bonneville estimates that the average rate for priority firm power is 2.44 cents per kilowatt-hour, down from the previous average rate of 2.81 cents.

The rate certainty provided by Bonneville's 1996 final rates proposal has been augmented by recent legislation (part of the Omnibus Consolidated Recissions and Appropriations Act of 1996) that refinances Bonneville's outstanding repayment obligations on appropriations. The legislation calls for resetting (reducing) the unpaid principal of FCRPS appropriations and reassigning (increasing) interest rates. New principal amounts are established at the beginning of FY 1997, at the present value of the principal and annual interest payments BPA would make to the U.S. Treasury for these obligations in the absence of the Act, plus \$100 million. BPA's outstanding repayment obligations on appropriations at the end of FY 1996 are estimated to be \$6.8 billion, with a weighted average interest rate of 3.5 percent. The refinancing will reduce the principal amount to an estimated \$4.6 billion, with an estimated average interest rate of 6.3 percent. The refinancing is based on current Treasury market interest rates. Implementation of the refinancing will take place in 1997, including Treasury review and approval of Bonneville's refinancing calculations. Treasury will review the transaction subsequently.

Wholesale power marketing is becoming more uncertain and much more competitive in the Pacific Northwest as the electric utility industry undergoes wholesale deregulation. In 1995, demands on Bonneville for power dropped suddenly as the effects of wholesale electricity deregulation took hold and caused Bonneville to withdraw from the 248-megawatt Tenaska power project. As a result, Tenaska and Chase Manhattan Bank, which provided the project funding, sued Bonneville for damages. Bonneville settled the lawsuit with Chase in June 1996 and as part of the settlement agreed to pay Chase \$115 million. This settlement will not affect BPA's recently announced rate reduction. The money paid Chase will directly offset any additional money Bonneville may owe from the Tenaska lawsuit which has been submitted to binding arbitration.

Bonneville faces unprecedented challenges in continuing its service to the Pacific Northwest. Market prices falling to near parity with Bonneville's rates have brought new competition, while at the same time the costs of Bonneville's commitment to rebuild salmon runs have risen sharply. These forces have converged to reshape Bonneville's marketing, planning, and organization. While the success of efforts to restore the region's wild salmon runs is still uncertain, successful funding support for the effort has been bolstered. BPA, the Administration, and other agencies have finalized an interagency agreement announced in draft last fall. The agreement ensures a stable level of fish and wildlife costs through 2001, while also confirming BPA's obligation to fund fish and wildlife activities for the 1995 Biological Opinion (BO) of the National Marine Fisheries Service (NMFS). Under the agreement, BPA will spend an average of \$252 million each year for fish and wildlife direct spending, plus whatever it costs to implement the hydro operations called for under the Biological Opinion. These hydro operations are now estimated at \$90 million to \$280 million per year, depending on water supplies and market conditions. The \$435 million annual average cost of the fish "cap" reported in the print and communications media refers to the combined cost of BPA spending, hydro operations and related costs. Included with the budget schedules section of this budget document is the current tabulation of the history and forecasted future costs of BPA's fish and wildlife investments.

Related to this, in 1995, the Administration completed an agreement with members of the Northwest Congressional Delegation. This agreement recognized Bonneville's use of Section 4(h)(10)(C) of the Northwest Power Act to apply credits to Bonneville's Treasury payment for previous Bonneville expenditures attributable to non-power hydro project costs collected through Bonneville power rates. Under the agreement, Bonneville will receive annual credits on a permanent basis for its fish and wildlife expenditures. Bonneville is allowed credits for power purchase costs relating to its fish and wildlife programs in Fiscal Years 1997-2001, and is able to access historical credits for certain purposes as described below.

In October 1995, the OMB in a letter to Congress, reiterated and extended the Administration's commitments made earlier. One of the program elements that the OMB Director elaborated on was that the Administration will establish a BPA Fish Cost Contingency Fund consisting of credits to be used by BPA against fish and wildlife costs under certain conditions. BPA has certified to the Treasury that the amount of available, but unused, credits is approximately \$325.2 million.

As discussed in the September 13, 1996 interagency “Memorandum of Agreement concerning The Bonneville Power Administration’s Financial Commitment for Columbia River Basin Fish and Wildlife Costs” (MOA), BPA may access the fund when (1) court-ordered changes increase the cost of BPA’s fish and wildlife Plan above specified target levels in the MOA; (2) when adverse hydro conditions cause the sum of decreases in nonfirm revenue and increases in power purchases to exceed a threshold value; and (3) when natural disasters or fishery emergencies result in additional system operations beyond those described in Part V (a) of the MOA. The credits for the certain emergencies are limited to an aggregate amount of no more than the \$15 million per year. In order to implement the Administration agreement in the anticipated timely manner, financial information, approximate to that provided in the BPA certification was included in the BPA final 1996 Wholesale Power and Transmission Rate Case, which covers the five year period of FY 1997 through FY 2001.

Bonneville’s FY 1998 budget submission funds the utility business and public benefits forecast in Bonneville’s 1996 rate case. As the electric utility industry in the Pacific Northwest continues its restructuring and competitive development under wholesale deregulation, and Bonneville’s competitive needs evolve, due to dynamic economic conditions, weather, institutional changes from the region’s Comprehensive Regional Review of the Pacific Northwest’s power system and structure, and other factors, these budget estimates will have to change to enable Bonneville to meet its statutory responsibilities and fulfill its legislative and executive obligations.

The Comprehensive Review of the Northwest Energy System (the Regional Review) was convened on January 4, 1996, by the governors of Idaho, Montana, Oregon, and Washington. The Regional Review was conducted by a special, independent steering committee. It served as a forum for discussion about the restructuring of the electric utility industry and what this restructuring will mean to the Pacific Northwest. The need for the regional forum was driven by deregulation and competitive changes in the wholesale power industry nationally. The governors received the Regional Review proposal on December 12, 1996. The proposal recommends legislatively splitting BPA into two agencies. The report recognizes BPA’s need to recover costs, but no process is outlined. The review does not address fish and wildlife funding after 2001 or river governance. The governors appointed a transition board to prepare a strategic plan by February 1997. The strategy will be on implementing the regional review’s report.

**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET**

**OVERVIEW OF PERFORMANCE SUMMARIES**

BPA's performance summaries that follow present budget requirements of budget line items (BLI) on the basis of accrued expenditures. Accrued expenditure is the basis of presenting BPA's program funding levels in the power and transmission rate making processes, and is naturally, the basis upon which BPA managers control their resources to provide products and services. Accrued expenditures relate costs to performance. Traditional budget obligational requirements for BPA's budget are shown on the Program and Performance Schedule prepared in accord with OMB Circular A-11.

The FY 1998 budget and these performance summaries reflect BPA's shift in focus from program planning, budgeting and management to a business line basis for utility enterprise activities. The business line basis continues to show operating expenses and capital investments separately, but re-groups some programs and BLIs into the new business lines. BPA has three major areas of activity on a consolidated budget and accounting basis, 1) Power, 2) Transmission, and 3) Conservation and Energy Efficiency. The most notable changes are in the Power Business Line. Here, former budget programs of Fish and Wildlife, Residential Exchange, Associated Projects O&M Costs, and Planning Council are shown as budget line items within the Power Business Line. Environmental activities are now shown in the relevant business line, and in accord with OMB Circular A-11 guidance for revolving funds, the Reimbursable Program's components have been incorporated within the associated business lines. All reimbursable activities continue to be fully funded by benefiting entities. BPA's interest expenses, pension & post-retirement benefits and its capital transfers to the Treasury continue to be shown programmatically.

The first section of performance summaries, Capital Investments, includes accrued expenditures for investments in electric utility and general plant associated with the Federal Columbia River Power System's (FCRPS) generation and transmission services, conservation and energy efficiency services, fish and wildlife, and capital equipment. These capital investments will require budget obligations and new borrowing authority of \$253 million in FY 1998, \$70 million less than forecast for FY 1998 in last year's Congressional budget submission. BPA may incur an additional capital cost for bond premiums if, for economic reasons, bonds are refinanced or repaid before the due date.

BPA's second section of the performance summaries, entitled Annual Operating Expenses, includes accrued expenditures for business line and program activities financed by power sales and transmission services revenues and reimbursements. For FY 1998, these expenses will require budget obligations of \$2,986 million, \$52 million less than forecast for FY 1998 in last year's Congressional budget submission. The total program requirements of all BPA programs will include estimated budget obligations of \$3,239 million in FY 1998.



**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET**

**TRANSMISSION SERVICES - CAPITAL**

**I. Mission Supporting Goals and Objectives:**

Transmission Services provides for all additions, upgrades, and replacements to the Federal transmission system in the Pacific Northwest, allowing reliable service to be provided to Northwest industrial users and utility customers. The transmission system also provides for the sale and exchange of power to and from the region. The system replacement plan is to replace high-risk, obsolete, and maintenance-intensive facilities and equipment and to reduce catastrophic equipment failure by 1) replacement of high voltage transformers and power circuit breakers which are at or near the end of their useful life, 2) replacement of risky outdated and obsolete control and communications equipment, and 3) replacement of all other existing high-risk equipment and facilities affecting the safety and reliability of the transmission system.

BPA's operational telecommunications system is being upgraded to include fiber optics for several reasons. Current microwave radios are becoming technologically obsolete and nearing the end of their useful life. Radio frequencies are difficult to obtain in some areas due to frequency congestion. Government radio frequencies have been reallocated and legislation has been proposed to reallocate and auction additional Government frequencies. Also, fiber optics will help BPA stay competitive in the new utility environment which will require increased use of real-time information for scheduling and operating the transmission system.

**II. Funding Schedule of Accrued Expenditures:**

**(Dollars in thousands)**

Program Activity	FY 1996	FY 1997	FY 1998	\$ Change	% Change
-----	-----	-----	-----	-----	-----
Main Grid	\$ 9,700	\$ 26,100	\$ 31,700	\$ 5,600	21%
Area & Customer Services	7,700	17,800	17,200	-600	-3%
Upgrades & Additions	55,600	46,700	45,800	-900	-2%
Replacements	64,700	64,400	54,100	-10,300	-16%
-----	-----	-----	-----	-----	-----
Total, Transmission Services - Capital	\$ 137,700	\$ 155,000	\$ 148,800	\$ -6,200	-4%
	=====	=====	=====	=====	=====

**III. Performance Summary:****Main Grid****FY 1996      FY 1997      FY 1998**

- Major accomplishments : (1) Completed design, material acquisition and construction of the Bellingham Area Reinforcement facility. This facility will improve the transfer capability between British Columbia and the Northwest by 850 MW and optimize the use of regional resources. (2) Completed design, material acquisition, and construction of the South Seattle-Olympia Reinforcement facility. This facility provides adequate transmission capacity to accommodate summertime generation patterns during heavy imports from Canada and maintains reliability to local loads. (3) Completed construction of the Northwest Montana/North Idaho Support facility. This facility maintains reliable service in that area. (4) Continue preliminary engineering and begin design on the Eastern Canadian Intertie. This facility provides transmission for returning the Canadian Entitlement power to Canada. (5) Completed design, material acquisition, and construction of the Southwest Portland Area Support facility. This facility will prevent overloads of the BPA and PGE facilities which would otherwise result in violation of the National Electric Safety Code and will eliminate equipment damage. (6) Continue preliminary engineering and design for various transmission system, system reactive, and system efficiency improvements. These facilities will be required to maintain reliable service for the BPA service area.

**Total Main Grid****\$9,700      \$26,100      \$31,700****Area & Customer Services****FY 1996      FY 1997      FY 1998**

- Chief accomplishments: (1) Completed design, material acquisition, and construction of the Columbia Falls Transformer Addition, to integrate the full capacity of the upgraded generation at Hungry Horse Dam. (2) Completed construction for the La Grande Transformer Support facility to maintain reliable service in the Northeast Oregon area. (3) Completed construction for the Klickitat/Skamania Southern County Support facility to maintain reliable service in that area. (4) Completed design, material acquisition, and construction of the Tri-Cities Area Reinforcement facility, which will maintain reliable service in the Tri-Cities, Washington, area. (5) Complete preliminary engineering and begin design for the Teton Area Reinforcement facility, needed to prevent low voltages in the Teton, Idaho, and Jackson, Wyoming, area. (6) Completed construction of the Olympia Transformer Support facility to maintain reliable service in southern Puget Sound area. (7) Completed preliminary engineering and design for the Franklin Area Reinforcement facility to maintain reliable service in the Franklin County, Washington, area.

TRANSMISSION SERVICES - CAPITAL (Cont'd)

(8) Completed preliminary engineering and design for the Hood River Area Support facility, which is required to maintain system stability and to dispatch generation from The Dalles Powerhouse without transmission restrictions and to provide reliable service to the 115-kV load in the area. (9) Completed design, material acquisition, and construction for the Chehalis Transformer Support facility, which will maintain reliable service in the Chehalis, Washington, area. (10) Continued preliminary engineering and design for miscellaneous facilities required to maintain reliable service for the BPA service area.

Total Area & Customer Services

\$7,700      \$17,800      \$17,200

Upgrades & Additions

FY 1996      FY 1997      FY 1998

- Major accomplishments: (1) Energize, commence and complete testing, and commence commercial operation of the new Munro Control Center and associated microwave radio communications. The control center replaces the Eastern Control Center in Moses Lake, Washington. (2) Completed the Hot Springs-Garrison fiber optic communications facilities to provide alternate route communications required to meet both BPA and Western Systems Coordinating Council (WSCC) reliability requirements. (3) Completed the Ross-Franklin fiber optic communications facilities, required to provide future bandwidth capacity that will allow high-speed data transfers between Dittmer and Munro Control Centers. (4) Complete design, material acquisition, and construction of the Operational Data Network facility, which will simplify the interconnection of control center data systems. (5) Complete design, material acquisition, and construction of the Supervisory Control And Data Acquisition (SCADA) Backup for Emergencies (Phase 2). The backup will provide supervisory control and monitoring of all substations at Dittmer and Munro Control Centers. (6) Begin design of the Breaker Failure Protection Retrofit (Phase 8) facility, which will detect breaker failures at seven 500 kV substations. (7) Begin design and material acquisition for the HVDC Master Controller at Celilo to provide a simplified scheduling interface that will allow scheduling of the DC Intertie based on required power transfer from the dispatchers. (8) Begin the design for an alternate control center capability (Phase 2) at Munro Control Center in the event of catastrophic equipment failure at Dittmer. (9) Complete design, material acquisition, and construction of several fiber optics facilities, which will provide future bandwidth capacity that will allow high-speed data transfers and replace current microwave radios which are becoming technologically obsolete and nearing the end of their useful life. (10) Complete and continue preliminary engineering, design, material acquisition, and construction for various system additions that are required to maintain reliable service for the BPA service area.

## TRANSMISSION SERVICES - CAPITAL (Cont'd)

Total Upgrades & Additions	\$55,600	\$46,700	\$45,800
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### System Replacements

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
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#### Non-Electric Replacements

- Major accomplishments: FY 96: (1) Complete the Covington Maintenance Headquarters remodeling. (2) Repair or replace 10 Operations and Maintenance buildings. (3) Replace 1 radio station building. (4) Complete 14 road and yard renovations.  
FY 97: (1) Begin the Bell remodel and upgrade which is scheduled for completion in FY 2000. (2) Repair or replace 1 O&M building and 4 radio station buildings. (3) Complete 2 of 4 heating, ventilating and air conditioning (HVAC) projects at Celilo. (4) Complete the last 3 replacements of underground fuel storage tanks. (5) Complete 6 road and yard renovations. (7) Complete 3 water, storm, and sewer renovations.  
FY 98: (1) Continue the Bell remodel and upgrade. (2) Complete 2 of 4 HVAC projects at Celilo. (3) Complete 2 road and yard renovations. (4) Implement Reliability-Centered Replacement (RCR) based upon new capital asset management criteria.

#### Transmission Line Replacements

- Major accomplishments: FY 96: (1) Replace about 550 deteriorating wood pole transmission line structures. (2) Complete major tower relocation caused by landslide on North Bonneville-Midway transmission line.  
FY 1997/98: Replace about 550 deteriorating wood pole transmission line structures.

#### Substation Replacements

- Major accomplishments: FY 96: (1) Complete replacement of failed 500-kV transformers at Troutdale. (2) Rebuild 2 converter transformers at Celilo (saving about \$4 million/year in replacement cost). (3) Replace failed lower voltage transformers at Kennewick, Lynch Creek, and Riverview substations. (4) Replace high-risk 500-kV breakers at Vantage, Little Goose, Marion, and Keeler substations. (5) Replace failing or high-risk lower voltage breakers at 17 substations. (6) Complete switch replacements at 4 substations. (7) Complete replacement of fire-damaged equipment at Intalco substation.  
FY 97: (1) Replace 1 failed Celilo DC transformer unit. (2) Rebuild 2 converter transformers at Celilo. (3) Replace high-risk 500-kV breakers at Lower Monumental substation. (4) Replace failing or high-risk lower voltage breakers at 16 substations. (5) Complete switch replacements

## TRANSMISSION SERVICES - CAPITAL (Cont'd)

at 5 substations.

FY 98: (1) Rebuild 2 converter transformers at Celilo. (2) Replace high-risk 500-kV breakers at Grizzly and John Day substations. (3) Replace failing or high-risk lower voltage breakers at 5 substations. (4) Complete switch replacements at 5 substations. (6) Implement Reliability-Centered Replacement (RCR) based upon new capital asset management criteria.

### System Protection Replacements

- Major accomplishments: FY 96: Replace the following system protection devices to maintain reliability: annunciators at 6 stations, relays at 13 stations, Substation Integrated Control Systems (SICS) at 2 stations, and oscillographs at 6 stations.  
FY 97: Replace the following system protection devices to maintain reliability: annunciators at 4 stations, relays at 5 stations, and oscillographs at 6 stations.  
FY 98: Implement Reliability-Centered Replacements (RCR) based upon new capital asset management criteria.

### System Control Replacements

- Major accomplishments: FY 96: Replace the following system control devices to maintain reliability: microwave transfer trip at 15 sites, System Control and Data Acquisition (SCADA) units at 8 sites, UHF radios at 16 sites, and telemetering equipment at 17 sites.  
FY 97: Replace the following system control devices to maintain reliability: microwave transfer trip at 25 sites, SCADA units at 8 sites, UHF radios at 24 sites, and telemetering equipment at 4 sites.  
FY 98: Implement Reliability-Centered Replacements (RCR) based upon new capital asset management criteria.

Total Replacements	\$64,700	\$64,400	\$54,100
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Total Transmission Services - Capital	\$137,700	\$154,900	\$148,800
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## SIGNIFICANT FUNDING CHANGES FROM FY 1997 TO FY 1998

<u>Main Grid:</u> The Main Grid increase in funding from FY 1997 to FY 1998 is primarily due to the increased funding necessary to make strategic investments for reliable and economic energy transmission while attempting to reduce	\$5,600
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## TRANSMISSION SERVICES - CAPITAL (Cont'd)

investment requirements and reschedule energizations to support BPA's necessity to remain competitive in the region and fulfill its regional transmission service role.

Replacements: Reliability-Centered Replacement (RCR) is based upon the implementation of Reliability-Centered Maintenance (RCM), and RCM is expected to take full effect by FY 1998. Equipment deemed critical to customer service or needed specifically for system reliability and performance will continue to be replaced on a planned basis. Equipment not critical (no resulting customer outage, alternate transmission path, redundant scheme, etc.) will be maintained or replaced at failure. Failure may mean that the equipment is no longer performing within required system specifications and needs adjustment, or it may mean there has been a hard failure. If maintenance or adjustment cannot correct a failure, or the equipment is beyond repair, the equipment will then be replaced. The new RCM/RCR policy will reduce replacement resource requirements to a much lower level without undue risk to system performance or to customer service. (\$10,300)

Major Issues: none

**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET**

**POWER SERVICES - CAPITAL**

**I. Mission Supporting Goals and Objectives:**

Associated Projects provides for direct funding of additions, improvements and replacements of existing U.S. Bureau of Reclamation and Corps of Engineers hydroelectric projects in the Pacific Northwest. The Bureau and Corps provide power production which is marketed by Bonneville and investing in additions, improvements, and replacements provides for increased performance and availability of generating units. BPA is currently working with the Bureau and Corps to identify opportunities which increase system reliability and output.

The Fish and Wildlife program provides for the protection, enhancement and mitigation of Columbia River Basin fish and wildlife losses attributed to the development and operation of hydroelectric projects on the Columbia River and its tributaries pursuant to Section 4(h) of the Northwest Power Act. BPA discharges a major portion of its fish and wildlife responsibilities and reduces the Administrator's obligation, by funding projects and activities designed to be consistent with the Planning Council's Fish and Wildlife Program. BPA is also mandated to implement measures called for under the Endangered Species Act. These measures are part of the BOs issued by the NMFS and the U.S. Fish and Wildlife Service (USFWS) regarding the operations of the Federal Columbia River hydro system. The capital associated with implementing the reasonable and prudent alternatives of the BOs that relate to BPA's direct fish and wildlife program are included in this budget projection. Additionally, this capital budget reflects, and is consistent with, the fish and wildlife budget agreement announced by the Administration in October 1995 and the Memorandum of Agreement of September 1996 that calls for BPA fish and wildlife funding of \$252 million per year and operations estimated to result in lost revenues and purchased power costs of \$90-\$280 million per year for the period FY 1996 through FY 2001.

BPA's fish and wildlife capital program is directed at activities that increase numbers of Columbia River Basin fish and wildlife resources including projects designed to increase juvenile fish passage at mainstream dams, increase fish production and survival through construction of hatchery and acclimation facilities, fish monitoring facilities and fish habituate enhancement. Funding is also included for pre-engineering design and studies for new and developing projects. The priority for capital project funding will focus first on implementing the reasonable and prudent alternatives contained in the NMFS and USFWS Biological Opinions and second, on implementing the Planning Council's Fish and Wildlife Program. A current goal of the Planning Council, and one

supported by BPA, is that all projects funded under both Bonneville's direct program as well as the reimbursable and capital investment components of the other Federal agencies will be reviewed and prioritized as part of a regional planning initiative process.

The FY 1997 Energy and Water Appropriations Bill added section 4(h)(10)(D) to the Northwest Power Planning and Conservation Act, directing the Power Council to appoint a Scientific Review Panel "to review projects proposed to be funded through that portion of Bonneville Power Administration's fish and wildlife budget that implements the Council's fish and wildlife program." And, "... in making its recommendations to BPA, the Council shall consider the impact of ocean conditions on fish and wildlife populations; and shall determine whether the projects employ cost effective measures to achieve program objectives." Consequently, all projects funded under Bonneville's direct will be reviewed and prioritized as part of the Planning Council initiative process.

## II. Funding Schedule of Accrued Expenditures:

(Dollars in thousands)

Program Activity	FY 1996	FY 1997	FY 1998	\$ Change	% Change
-----	-----	-----	-----	-----	-----
Associated Project Costs	\$ 25,100	\$ 20,300	\$ 12,600	\$ -7,700	-38%
Fish & Wildlife	26,000	27,000	27,000	--	--
	-----	-----	-----	-----	-----
Total, Power Services -	\$ 51,100	\$ 47,300	\$ 39,600	\$ -7,700	-16%
Capital	=====	=====	=====	=====	=====

## III. Performance Summary: Major Accomplishments

### Associated Project Costs

FY 1996    FY 1997    FY 1998

- Continue work with both the Corps and the Bureau to reach mutual agreement on which capital improvement projects need to be budgeted and scheduled, are cost effective and are of mutual benefit to provide system or site specific enhancements and efficiencies. These types of projects are in line with BPA's SBOs to keep the power system reliable, be the low cost provider, and operate in a more business-like manner.



POWER SERVICES - CAPITAL (Cont'd)

- Corps of Engineers (known projects to date):  
FY 96: Completed Ice Harbor, Unit 2 Blade Repair. Continue work on The Dalles Unit Nos. 7&9 Rewind.  
FY 97: Complete work on The Dalles Unit Nos. 7&9 Rewind. Begin work on The Dalles, Units 15-22 Exciters Replacements.  
FY 98: Continue work on The Dalles Exciter Replacements.
- Bureau of Reclamation (known projects to date):  
FY 96: Completed work on the Rewinds and Stator Core Replacements G22, G23 and G24, at Grand Coulee, the Powerhouse Replacement at Minidoka, and the Powerhouse Transformer Replacement and Switchyard Upgrade at Hungry Horse. Continue direct funding for the Turbine Runner Replacements G1-G18 at Grand Coulee and the Boise River Diversion Powerplant Rebuild.  
FY 97: Complete work at Grand Coulee, Rewinds and Stator Core Replacements G22, G23 and G24, at Minidoka, the Powerhouse Replacement, and at Hungry Horse, the Powerhouse Transformer Replacement and Switchyard Upgrade. Continue work at Grand Coulee for the Turbine Runner Replacements G1-G18. Start work at Grand Coulee for Transformer Replacements.  
FY 98: Continue work at Grand Coulee for Runners and Transformer Replacements.

TOTAL Associated Project Costs

\$25,100      \$20,300      \$12,600

Fish & Wildlife

FY 1996      FY 1997      FY 1998

- Continue construction on the Yakima and Umatilla River hatcheries, and the Yakima Screens Facilities Phase II. Complete final design and initiate construction of the Nez Perce Hatchery, and initiate final design of the Bonneville Dam Fish Sampling Facility.
- Construct habitat improvement passage projects and small irrigation screening projects including development and enhancement of model watersheds. Continue implementation of high priority Endangered Species Act related projects, and activities associated with the National Marine Fisheries Service Biological Opinion.

POWER SERVICES - CAPITAL (Cont'd)

- Initiate planning, design and construction of high priority anadromous fish supplementation facilities
- Continue acquisition and installation of pit tag monitors at federal dams in Snake and lower Columbia rivers.

TOTAL Fish & Wildlife	\$26,000	\$27,000	\$27,000
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TOTAL Power Services - Capital	\$51,100	\$47,300	\$39,600
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SIGNIFICANT FUNDING CHANGES FROM FY 1997 TO FY 1998

Associated Project Costs: Funding decrease reflects project completions in FY 97. There were few projects identified at the time of budget submittals for FY 98. Funding levels for FY 99 and beyond are expected to increase above the FY 97 level to fund additions, improvements, and replacements to the power system. (-\$7,700)

Major Issues: none

**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET**

**CONSERVATION AND ENERGY EFFICIENCY - CAPITAL**

**I. Mission Supporting Goals and Objectives:**

The competitive market situation is driving the need for alternatives to the traditional approaches to developing conservation resources. BPA is transitioning from centralized, BPA funded programs to new customer driven approaches. BPA is participating with other regional entities to support market transformation activities and development of energy efficiency services while facilitating activities which meet the needs of our customers and create business opportunities for the private sector in the Pacific Northwest.

**II. Funding Schedule of Accrued Expenditures:**

(Dollars in thousands)

<b>Program Activity</b>	<b>FY 1996</b>	<b>FY 1997 1/</b>	<b>FY 1998 1/</b>	<b>\$ Change</b>	<b>% Change</b>
-----	-----	-----	-----	-----	-----
Legacy Conservation	\$ 34,100	\$ 33,800	\$ 17,600	\$ -16,200	-48%
Market Transformation	4,500	10,100	10,100	0	--
Market Development	300	3,000	5,000	2,000	67%
	-----	-----	-----	-----	-----
Total, Conservation and Energy Efficiency - Capital	\$ 38,900 =====	\$ 46,900 =====	\$ 32,700 =====	\$ -14,200 =====	-30% =====

1\ Consistent with the FY 1997 Energy and Water Appropriations Bill, the Market Development capital budget has been reduced by \$10 million annually for fiscal years 1997 and 1998. Consistent with guidelines established in the Regional Review process, the Market Development budget has been further reduced to \$3 million and \$5 million respectively in fiscal years 1997 and 1998, and the balances of \$7.2 million and \$5.3 million have been reassigned to Legacy Conservation.

### III. Performance Summary: Major Accomplishments

<u>Legacy Conservation</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<ul style="list-style-type: none"> <li>Support utilities in transition to locally funded conservation programs, and development of local conservation plans to meet specific customer needs. Ongoing program areas include residential, commercial, industrial, agricultural conservation acquisitions. Began researching markets for energy efficiency services. Collaboratively developed future directions for implementation of Bonneville's conservation responsibilities with customers, interest groups, local, state and federal agencies, and other external entities.</li> <li>Complete local conservation plans for utilities in Bonneville's service territory. Oversee and monitor program close-out for residential, commercial, industrial, agricultural and conservation acquisitions.</li> </ul>			
TOTAL Legacy Conservation	\$34,100	\$33,800	\$17,600
 <u>Market Transformation</u>	 <u>FY 1996</u>	 <u>FY 1997</u>	 <u>FY 1998</u>
<ul style="list-style-type: none"> <li>Implement capital ventures that have been agreed upon in regional forums that collaboratively shape and define this activity. Establish regional infrastructure, and enter into collaborative partnerships with utilities and other sponsors of national ventures.</li> <li>Begin research and development projects identified in collaborative forums. In partnership with other entities, provide funding for regional projects that support market transformation for manufactured housing, electric lighting and washing machines. Define and begin additional ventures related to motors, irrigated agricultural pumping schedules, and geothermal heat pumps. Continue developing new regional partnerships to explore potential market transformation opportunities. Continue forums to share information with customers and other external entities.</li> <li>In partnership with other entities, provide funding for regional projects that support market transformation for manufactured housing, electric lighting, washing machines, motors, irrigated</li> </ul>			

CONSERVATION AND ENERGY EFFICIENCY SERVICES - CAPITAL (Cont'd)

agricultural pumping schedules, and geothermal heat pumps.

TOTAL Market Transformation	<u>\$4,500</u>	<u>\$10,100</u>	<u>\$10,100</u>
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Market Development

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
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- Bonneville is supporting utility transition to locally funded programs through offering alternative financing mechanisms, local planning and collaborative policy development. Bonneville is collaboratively working with utilities to locate non-governmental sources of funds for running utility-specific conservation programs. It is intended that the alternative funding mechanism is a short-term transition option to support utilities, rather than a permanent feature of Bonneville's new approaches to implementing its conservation responsibilities. The BPA plan stresses that reliance on incentives to encourage consumer participation in Bonneville conservation programs should be replaced with other approaches that are more market-driven and results oriented. Bonneville will operate within the 13 guidelines established as part of the Regional Review including the guidance for market development activities to be self-supporting by FY 2000.

TOTAL Market Development	<u>\$300</u>	<u>\$3,000</u>	<u>5,000</u>
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TOTAL Conservation and Energy Efficiency - Capital	<u>\$38,900</u>	<u>\$46,900</u>	<u>\$32,700</u>
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SIGNIFICANT FUNDING CHANGES FROM FY 1997 TO FY 1998

Legacy Conservation: Funding is substantially reduced due to close-out of conservation acquisition programs. (-\$16,200)

Major Issues: Consistent with the FY 1997 Energy and Water Appropriations Bill, the Market Development capital budget has been reduced by \$10 million annually for fiscal years 1997 and 1998. Consistent with guidelines established in the Comprehensive Regional Review, the Market Development budget has been further reduced to \$3 million and \$5 million, respectively, in fiscal years 1997 and 1998, and the balances of \$7.2 million and \$5.3 million have been reassigned to Legacy Conservation.

CONSERVATION AND ENERGY EFFICIENCY SERVICES - CAPITAL (Cont'd)

**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET**

**CAPITAL EQUIPMENT**

**I. Mission Supporting Goals and Objectives:**

This activity provides for the acquisition of general and dedicated special purpose capital automatic data processing (ADP) equipment, development of capitalized ADP software, and acquisition of special-use capital furniture and equipment in support of BPA's strategic objectives to achieve high and continually improving customer satisfaction, achieve and maintain financial integrity, and to transform BPA into a high-performing, business-oriented organization. This budget category provides for the BPA business lines the ability to acquire general and dedicated special purpose capital automatic data processing (ADP) equipment. This activity also provides the ability for developing capitalized ADP software, and acquiring of special-use capital furniture and equipment for BPA to meet its strategic business objectives.

**II. Funding Schedule of Accrued Expenditures:**

**(Dollars in thousands)**

<b>Program Activity</b>	<b>FY 1996</b>	<b>FY 1997</b>	<b>FY 1998</b>	<b>\$ Change</b>	<b>% Change</b>
-----	-----	-----	-----	-----	-----
Capital Equipment	\$ 9,600	\$ 8,600	\$ 8,800	\$ 200	2%
	=====	=====	=====	=====	=====

CAPITAL EQUIPMENT (Cont'd)

**III. Performance Summary: Major Accomplishments**

Capital Equipment	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<ul style="list-style-type: none"><li>Acquire capital office furniture and equipment, capital ADP-based administrative telecommunications equipment, ADP equipment (hardware), and support capital software development for all BPA programs. FY 1996 was a major implementation completion period for BPA's local area network-wide area network (LAN/WAN) conversions.</li></ul>			
TOTAL Capital Equipment - Capital	<u>\$9,600</u>	<u>\$8,600</u>	<u>\$8,800</u>



**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET**

**TRANSMISSION SERVICES - EXPENSE**

**I. Mission Supporting Goals and Objectives:**

This activity provides for the transmission system services of engineering, operations and maintenance for BPA's electric transmission system of 14,800 circuit miles (23,800 circuit kilometers) of lines, 400 substations, and associated power system control and communication facilities with an invested cost of more than \$4.8 billion. Primary strategies of this program are: 1) Maintain the safety and reliability of the transmission system; 2) increase the focus on customers; 3) optimize the transmission system; and 4) improve BPA's competitive position.

**II. Funding Schedule of Accrued Expenditures:**

(Dollars in Thousands)

Program Activity	FY 1996	FY 1997	FY 1998	\$ Change	% Change
-----	-----	-----	-----	-----	-----
Engineering	\$ 39,400	\$ 25,700	\$ 23,800	\$ -1,900	-7%
Operations	39,500	44,600	44,500	-100	--
Maintenance	99,400	88,900	88,100	-800	-1%
	-----	-----	-----	-----	-----
Total, Transmission Services -	\$ 178,348	\$ 159,200	\$ 156,400	\$ -2,800	-2%
Operating Expense	=====	=====	=====	=====	=====

**III. Performance Summary: Major Accomplishments**

**Engineering:**

FY 1996   FY 1997   FY 1998

- R&D: Conduct in-house transmission system research and development, including (1) studies on reliability, HVDC (high voltage direct current) and HVAC (high voltage alternating current)

## TRANSMISSION SERVICES - OPERATING EXPENSE (Cont'd)

outage reduction, (2) methods to uprate existing facilities and reduce maintenance costs including reliability-centered maintenance (RCM), and (3) investigation of power system monitoring and recording methods for analysis. Implemented during FY 1996 a new approach to prioritizing R&D efforts, assuring accountability, business results, and early termination of projects not meeting their forecasted target results, schedule, spending range or application benefit potential.

- Program Support: Provide general program support activities, such as planning, systems administration, ADP maintenance, workman's compensation payments, etc.
- Capital-to-Expense Adjustments: Annually, BPA analyzes its outstanding capital work orders to assess whether they should be expensed. In FY 1996, these transfers were significantly higher than those projected for FY 1997 and FY 1998 due to a cleanup of prior-year plant transactions.
- Reimbursable Transactions: BPA enters into written agreements with Federal and non-Federal entities that have work or services to be performed by BPA staff at the expense of the benefiting utilities. The projects must be beneficial, under the one-utility concept, to BPA operations and to the Federal or non-Federal entity involved. Additionally, these activities contribute to more efficient or reliable construction of the Federal transmission system or otherwise enhance electric service to the region. Expenditures for these transactions are being ramped down between FY 1996 and FY 1998 because of FTE reductions.

Total Engineering	\$39,400	\$25,700	\$23,800
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### Operations

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
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- Substation Operations: Perform operations functions necessary to provide electric service to customers and to protect the Government's investment in electric equipment. Includes equipment adjustments, switching lines and equipment during emergencies or maintenance, isolating damaged equipment, restoring service to customers, and inspecting equipment, reading meters, etc.

## TRANSMISSION SERVICES - OPERATING EXPENSE (Cont'd)

- Power System Control & Dispatching: Includes central dispatching, control, and monitoring of the electric operation of the Federal transmission system. Also includes load, frequency, and voltage control of Federal generating plants; and operation of the system control and data computers at Dittmer and Munro Control Centers.
- Operations Standards & Engineering: Includes analyzing system loads, voltage levels, outage information, stability levels and other data, and making policy recommendations for system operations and related affairs. Provides for development of control center requirements for centralized automation of substations and generation, and BPA participation with other utilities in developing utility operating standards and guides.
- Marketing, Sales, & Services: Provides management and direction of Transmission Rates, provides business strategy in marketing of transmission and ancillary products and services involved in the Transmission Business Line process.
- Transmission Supply: Provides open access to the Federal Transmission System consistent with transmission tariffs approved by FERC. Schedule and market transmission capacity to BPA customers and Pacific Northwest's interconnected utilities. Manages the reservations and scheduling of all transmission services associated with the transmission tariffs

Total Operations	<u>\$39,500</u>	<u>\$44,600</u>	<u>\$44,500</u>
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### **Maintenance:**

In all aspects of maintenance, Bonneville is shifting to the implementation of reliability-centered maintenance practices. This change is focused on improving system reliability and significantly reducing maintenance costs.

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
----------------	----------------	----------------

Transmission Line Maintenance: Maintain and repair nearly 24,135 km (14,800 circuit miles) of high voltage transmission lines, of which over 6,436 km (4,000 circuit miles) are 500-kV

## TRANSMISSION SERVICES - OPERATING EXPENSE (Cont'd)

transmission EHV (extra-high voltage), which is two and one-half times more labor-intensive than lower transmission voltages, although more efficient in transmission of power

- Substation Maintenance: Provides for service and repair of the transmission system power equipment located at more than 400 work sites annually, using over 200 FTE.
- System Protection Maintenance: Provides for the maintenance of relaying and metering equipment used to control and protect the electrical transmission system and to meter energy transfers for the purpose of revenue billing. Additionally, field engineering services provide technical advice and assure the correct operation of power system relaying and special control systems used to support interregional energy transmission capabilities.
- Power System Control Maintenance: Provides for the testing, repair, and field engineering support of BPA's highly complex equipment, communications and control systems, including seven major microwave systems and other critical communications and control systems that support the power system
- Non-Electric Plant Maintenance: Provides for the maintenance of BPA's non-electric facilities. Includes site, building, and building utility maintenance; custodial services; station utility; transportation maintenance; and other maintenance service activities on BPA-owned or BPA-leased non-electric facilities.
- Maintenance Standards & Engineering: Provides for establishing, monitoring, and updating system maintenance standards, policies, and procedures; and for the review and update of long-range plans for maintenance of the electric power transmission system.
- 

### FY 1996 Accomplishments:

- Maintenance: Through three-fourths of the fiscal year, under the System Average Interruption Frequency Index (SAIFI), BPA achieved 4 or fewer automatic interruptions at 92.7 percent of BPA points of delivery (PODs), against a target of at least 94 percent of PODs. For System Average Interruption Duration Index (SAIDI), BPA achieved 150 minutes or less of automatic

## TRANSMISSION SERVICES - OPERATING EXPENSE (Cont'd)

interruptions at 88.6 percent of PODs, against a target of 94 percent of PODs. Reengineered the transmission organization to achieve further efficiencies. Continued to clarify maintenance geographic boundaries to better assure responsive customer support.

### FY 1997 Accomplishments

- Maintenance: Implement RCM practices at all of BPA's 11 O&M regions. Continue to improve performance to meet SAIFI and SAIDI targets as explained above.

### FY 1998 Accomplishments

- Maintenance: Continue to improve performance to meet SAIFI and SAIDI targets as explained above.
- 

Total Maintenance	\$99,400	\$88,900	\$88,100
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Total Transmission Services - Expense	\$178,300	\$159,200	\$156,400
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## SIGNIFICANT FUNDING CHANGES FROM FY 1997 TO FY 1998

<u>Engineering:</u> Reduced level of reimbursable services.	(\$1,900)
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Major Issues: None.

**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET**

**POWER SERVICES - OPERATING EXPENSE**

**I. Mission Supporting Goals and Objectives:**

Production includes all BPA strategic resource planning and business development, short and long-term power purchases/wheeling, electric utility marketing of resources, generation and oversight costs, including the large thermal nuclear projects. These activities identify the Administrator's load obligations, plans and develops products and services to meet the needs of BPA customers, and acquire resources as needed. As a means of mitigating power market risk, Bonneville is cautiously exploring the use of financial markets and is a participant in the electricity futures market which was founded in March 1996 by the New York Mercantile Exchange.

Associated Projects provide funding for power related operation and maintenance costs; minor additions, improvements, and replacements; and liabilities of the U.S. Army Corps of Engineers and U.S. Bureau of Reclamation hydroelectric projects in the Pacific Northwest which serve many purposes. Both agencies are emphasizing efficient power production from existing facilities and improvement of the performance and availability of power units. BPA repays additional financing costs of the Federal Columbia River Power System facilities through its Interest Expense and Capital Transfer budget Programs. BPA is responsible for the actual operations and maintenance expenditures incurred as part of the Lower Snake River Compensation Plan (LSRCP) hatcheries and repays Treasury accordingly. Bonneville is responsible for payment of annual payments to the Confederated Tribes of the Colville Reservation for their claims concerning their contribution to the production of hydropower by the Grand Coulee Dam in accordance with the Settlement Agreement between the United States and the Tribes (April, 1994).

Fish and Wildlife expenses provide for the protection, enhancement and mitigation of Columbia River Basin fish and wildlife losses attributed to the development and operation of hydroelectric projects on the Columbia River and its tributaries pursuant to Section 4(h) of the Northwest Power Act. BPA discharges a major portion of its fish and wildlife responsibilities by funding projects and activities designed to be consistent with the Northwest Power Planning Council's Fish and Wildlife Program. To satisfy its responsibilities under the Endangered Species Act, BPA implements measures in the BO issued by the NMFS and the USFWS regarding the operations of the Federal Columbia River hydro system. The expenses associated with implementing the reasonable and prudent alternatives of the BOs that relate to BPA's direct fish and wildlife program are included in this budget projection. Additionally, these expense amounts reflect, and are consistent with, the fish and wildlife budget agreement announced by the

## POWER SERVICES - OPERATING EXPENSE (Cont'd)

Administration in October 1995 and the Memorandum of Agreement of September 1996 that calls for BPA fish and wildlife funding of \$252 million per year and operations estimated to result in lost revenues and purchased power costs of \$90-\$280 million per year for the period FY 1996 through FY 2001.

BPA's fish and wildlife expense funds are directed at activities that increase numbers of Columbia River Basin fish and wildlife resources including projects designed to improve juvenile fish passage at mainstream dams, resource studies, monitoring and evaluation and facility operation and maintenance. The priority for project funding focuses first on implementing the reasonable and prudent alternatives contained in the NMFS and USFWS BOs and second, on implementing the Planning Council's Fish and Wildlife Program.

The FY 1997 Energy and Water Appropriations Bill added section 4(h)(10)(D) to the Northwest Power Planning and Conservation Act, directing the Power Council to appoint a Scientific Review Panel "to review projects proposed to be funded through that portion of Bonneville Power Administration's fish and wildlife budget that implements the Council's fish and wildlife program." And, ". . . in making its recommendations to BPA, the Council shall consider the impact of ocean conditions on fish and wildlife populations; and shall determine whether the projects employ cost effective measures to achieve program objectives." Consequently, all projects funded under Bonneville's direct program will be reviewed and prioritized as part of the Planning Council initiative process.

The Northwest Power Act created the residential exchange program to extend the benefits of low-cost Federal power to the residential and small farm customers of investor-owned and publicly-owned utilities. Although it appears to be primarily a power transaction and is so treated in BPA's rate proceedings, the residential exchange is not a power transaction in the conventional sense. In effect, the program acts to lower the rates paid by the residential and small farm customers of exchanging utilities. As the program currently works, no power is transferred to or from BPA. The gross cost of the exchange, for all but fiscal year 1997, will be partially offset by exchange revenues from participating utilities. For fiscal year 1997, the Energy and Water Development Appropriations Act, Public Law 104-46, established residential exchange cost benefits at \$145 million. BPA expects fiscal year 1997 expenses to total \$160 million, which includes an additional \$15 million adjustment for prior year benefits.

The Northwest Power Act directs that expenses of the Planning Council, subject to certain limits based on forecasted BPA power sales, shall be included in BPA's annual budget to Congress. Funding for the Planning Council is provided by Bonneville and is recovered through Bonneville rates. Its major activities include the periodic preparation of a northwest Conservation and Electric Power Plan (a 20 year electric energy demand and resources forecast and energy conservation program) and a Columbia River Basin Fish and Wildlife Program of loss mitigation and resource enhancement actions.

POWER SERVICES - OPERATING EXPENSE (Cont'd)

**II. Funding Schedule of Accrued Expenditures:**

<b>Program Activity</b>	<b>FY 1996</b>	<b>FY 1997</b>	<b>FY 1998</b>	<b>\$ Change</b>	<b>% Change</b>
-----	-----	-----	-----	-----	-----
Production	\$1,019,400	\$ 914,900	\$ 970,200	\$ 55,300	6%
Associated Projects Costs	161,400	164,400	170,200	5,800	4%
Fish & Wildlife	65,300	99,500	99,400	-100	0%
Residential Exchange	1,047,500	160,200	1,074,000	913,800	570%
Planning Council	8,400	8,000	8,000	0	0%
	-----	-----	-----	-----	-----
Total, Power Services -	\$2,302,000	\$1,347,000	\$2,321,800	\$ 974,800	72%
Operating Expense	=====	=====	=====	=====	=====

**III. Performance Summary: Major Accomplishments**

<u>Production</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<ul style="list-style-type: none"> <li>• <u>Short-Term Power Purchases/PNCA Interchange:</u> Purchase power for resale, fish mitigation or for the efficient operation of the power system. Under terms of the Pacific Northwest Coordination Agreement (PNCA), make payments to other generating utilities for power received as interchange energy. Interchange energy is energy transferred between utilities either to supply all or a part of any deficiency between a utility's actual energy capability and its firm energy load carrying capability or to return such energy to the supplying utility.</li> <li>• <u>Power Scheduling/Marketing:</u> Schedule and market electric energy to BPA customers and Pacific Northwest's interconnected utilities. Place major emphasis on scheduling and supporting implementation of intertie access policy and streamflow coordination with the water budget of the Fish and Wildlife Program.</li> <li>• <u>Trojan:</u> Continued termination and decommissioning of BPA's 30 percent share of the Trojan Nuclear Plant.</li> <li>• <u>WNP-2:</u> Continued to acquire full capability of WNP-2.</li> <li>• <u>WNP-1/WNP-3:</u> Continued to fulfill contractual obligations for WNP-1 and WNP-3.</li> </ul>			



POWER SERVICES - OPERATING EXPENSE (Cont'd)

- Long-Term Power Purchases and Wheeling:  
FY 1996: Continued to acquire 100 percent of the Idaho Falls and Cowlitz Falls hydroelectric project output. Continued contract payments on four billing credit projects. Began purchasing output from the Wauna Cogeneration Project, which commenced commercial operation.  
FY 1997: Continue to acquire 100 percent of the Idaho Falls, Cowlitz Falls, and Wauna project output. Continue contract payments on four billing credit projects  
FY 1998: Continue to acquire 100 percent of the Idaho Falls, Cowlitz Falls, and Wauna project output. Continue contract payments on four billing credit projects.
- Generation & Oversight:  
FY 1996: Continued to provide oversight of all contracts signed to date. Continued the environmental review and permitting of Washington Windplant No. 1 and the Foote Creek Rim (Wyoming) Wind Project. Started the National Environmental Policy Act (NEPA) process for the Fourmile Hill Geothermal Project. Continued construction oversight of the Newberry Geothermal Project. Continued to co-fund the Regional Solar Monitoring Project. Provided oversight of large thermal generating plants from which BPA purchases capability to insure that all BPA approval rights are protected; coordinated, communicated and administered agreements, issues and programs between BPA and the project owners. Developed coordinated operation of the Pacific Northwest and Canadian Power Systems, investigated and analyzed Canadian proposals for power export.  
Provided litigation and legal services covering existing and prospective financing arrangements involving the nuclear generating projects; Columbia River Treaty, non-Treaty and related resources issues; other resources acquired by BPA; and research relating to bankruptcy and tax issues, involving entities with whom BPA has an existing contractual relationship. Includes major contract with the Department of Justice for the WNP-1 and WNP-3 cost sharing litigation.  
FY 1997: Continue to provide oversight of all contracts signed to date. Issue Records of Decision for the Washington Windplant No. 1 and the Foote Creek Rim Wind Projects. Continue the NEPA process for the Fourmile Hill Geothermal Project. Continue to co-fund the Regional Solar Monitoring Project. Provide oversight of large thermal generating plants from which BPA purchases capability to insure that all BPA approval rights are protected; coordinate, communicate and administer agreements, issues and programs between BPA and the project owners.  
Develop coordinated operation of the Pacific Northwest and Canadian Power Systems,

POWER SERVICES - OPERATING EXPENSE (Cont'd)

investigate and analyze Canadian proposals for power export.

FY 1998: Continue to provide oversight of all contracts signed to date. Complete the NEPA process for the Fourmile Hill Geothermal Project and issue a Record of Decision. Continue to co-fund the Regional Solar Monitoring Project. Provide oversight of large thermal generating plants from which BPA purchases capability to insure that all BPA approval rights are protected; coordinate, communicate and administer agreements, issues and programs between BPA and the project owners.

TOTAL Production	<u>\$1,019,400</u>	<u>\$914,900</u>	<u>\$970,200</u>
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<u>Associated Project Costs</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
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- Support FCRPS project costs and work to improve relationships to improve project support and better understand project costs. This helps to maintain FCRPS system integrity and the attainment of BPA's strategic business objectives. In FY 1996, initiated compensation payments to the Confederated Colville Tribes.
- Corps of Engineers:  
FY 96: Completed Ice Harbor, Unit 2 Blade Repair. 3-D Cam Efficiency Improvement Project should be completed. Continued work on McNary Turbine Model Test.  
FY 97: Complete work on McNary Turbine Model Test. Initiate discussions with the Corps on a direct funding agreement for O&M Power activities.
- Bureau of Reclamation:  
FY 97: Signed a direct funding agreement with the Bureau for O&M Power activities.

TOTAL Associated Project Costs	<u>\$161,400</u>	<u>\$164,400</u>	<u>\$170,200</u>
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POWER SERVICES - OPERATING EXPENSE (Cont'd)

Fish and Wildlife

FY 1996

FY 1997

FY 1998

In a manner consistent with the Fish and Wildlife Budget Memorandum of Agreement of October 1996:

- Anadromous Fish: Continue implementing projects which support Endangered Species Act listed species and other measures called for under the NMFS BO. Continue to fund and implement Northwest Power Act responsibilities and Planning Council's Fish and Wildlife program based on measures installed in FY 1996 and before. Continue to implement and develop downstream migration, disease and predator control programs, artificial production methods, and habitat improvement activities.
- Resident Fish: Continue to study the effects of reservoir operation on the resident fish population. Continue efforts for in-stream flow studies, stock status studies, habitat improvement and monitoring evaluation studies, and white sturgeon habitat requirements consistent with Endangered Species Act requirements. Continue activities associated with species under review for possible listing as threatened or endangered under the Endangered Species Act. Continued efforts conducted in FY 1996 and prior.
- Wildlife: Continue the FY 1996 program including funding for wildlife actions resulting from Council Fish and Wildlife Program amendments for wildlife mitigation.

TOTAL Fish and Wildlife

\$65,300

\$99,500

\$99,400

Residential Exchange

FY 1996

FY 1997

FY 1998

- The gross cost of the exchange, for all but fiscal year 1997, will be partially offset by exchange revenues from participating utilities. For fiscal year 1997, the Energy and Water Development Appropriations Act, Public Law 104-46, established residential exchange cost benefits at \$145 million. BPA expects fiscal year 1997 expenses to total \$160 million, which includes an additional \$15 million adjustment for prior year benefits.

TOTAL Residential Exchange

\$1,047,500

\$160,200

\$1,074,000

POWER SERVICES - OPERATING EXPENSE (Cont'd)

<u>Planning Council</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
	<u>\$8,400</u>	<u>\$8,000</u>	<u>\$8,000</u>
 TOTAL Power Services	 <u>\$2,302,000</u>	 <u>\$1,347,000</u>	 <u>\$2,321,800</u>

SIGNIFICANT FUNDING CHANGES FROM FY 1997 TO FY 1998

<u>Production:</u> The increase is due to debt service for WNP-1. For fiscal year 1997, \$72 million of the total debt service for WNP-1 was paid out of the WNP-1 Construction Fund. All other production components decrease by \$14.5 million due to reduced O&M costs for WNP-2 and Generation Program Development.	(\$55,300)
<u>Associated Project Costs:</u> The increases are due to inflation, O&M cost are being held flat in real terms. Holding these dollars flat and not allowing for inflation may have negative impacts on unit availability.	(\$5,800)
<u>Residential Exchange:</u> The gross cost of the exchange, included for fiscal year 1998, will be partially offset by exchange revenues from participating utilities. For fiscal year 1997, the Energy and Water Development Appropriations Act, Public Law 104-46, established residential exchange cost benefits of \$145 million to be distributed to exchanging utilities. BPA expects fiscal year 1997 expenses to total \$160 million, which includes an additional \$15 million adjustment for prior year benefits.	(\$913,800)

Major Issues: none

**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET**

**CONSERVATION AND ENERGY EFFICIENCY - OPERATING EXPENSE**

**I. Mission Supporting Goals and Objectives:**

The competitive market situation is driving the need for alternatives to the traditional approaches to developing conservation resources. BPA is transitioning from centralized BPA funded programs to new customer driven approaches. BPA is participating with other regional entities to support market transformation and development activities while facilitating activities which meet the needs of our customers and create business opportunities for the private sector in the Pacific Northwest.

**II. Funding Schedule of Accrued Expenditures:**

<b>Program Activity</b>	<b>FY 1996</b>	<b>FY 1997</b>	<b>FY 1998</b>	<b>\$ Change</b>	<b>% Change</b>
-----	-----	-----	-----	-----	-----
Legacy Conservation	\$ 39,700	\$ 35,200	\$ 41,100	\$ 5,900	17%
Market Transformation	4,500	5,700	5,200	-500	-9%
Market Development	6,400	3,900	3,700	-200	-5%
	-----	-----	-----	-----	-----
TOTAL Conservation and Energy	\$50,600	\$44,800	\$50,000	\$5,200	12%
Efficiency	=====	=====	=====	=====	=====

CONSERVATION AND ENERGY EFFICIENCY (Cont'd)

**III. Performance Summary: Major Accomplishments**

Legacy Conservation

FY 1996    FY 1997    FY 1998

- Acquire conservation resources through competitive acquisition, billing credits and multi-sector mechanisms. Support utilities in transition to locally funded conservation programs and development of local conservation plans to meet specific customer needs. Ongoing program areas include residential, commercial, industrial, agricultural conservation acquisitions. Collaboratively develop future directions for implementation of Bonneville's conservation responsibilities with customers, interest groups, local, state and federal agencies, and other external entities.
- Complete local conservation plans for utilities in Bonneville's service territory. Oversee and monitor program close-out for residential, commercial, industrial, agricultural and conservation acquisitions.

TOTAL Legacy Conservation

\$39,700    \$35,200    \$41,100

Market Transformation

FY 1996    FY 1997    FY 1998

- Create and enhance markets through delivery of public benefits. Develop regional partnerships to explore which technologies to promote and the process to deliver them. Primarily provide leadership and collaborative funding for market transformation initiatives.

TOTAL Market Transformation

\$4,500    \$5,700    \$5,200

## CONSERVATION AND ENERGY EFFICIENCY (Cont'd)

### Market Development

FY 1996    FY 1997    FY 1998

- Work with customers to develop customized, tailored, services to meet specific needs and priorities. The goal is to help and support public utility customers in maintaining a competitive edge in the marketplace; providing total energy solutions now and into the future. Bonneville will operate within the 13 guidelines established as part of the Regional Review including the guidance for market development activities to be self-supporting by FY 2000.

TOTAL Market Development

\$6,400    \$3,900    \$3,700

TOTAL Conservation and Energy Efficiency

\$50,600    \$44,800    \$50,000

### SIGNIFICANT FUNDING CHANGES FROM FY 1997 TO FY 1998

Legacy Conservation: A number of activities are completed in FY 1998 causing funding to be higher in this year only. (\$5,900)

Funding decreases substantially in outyears as commitments are completed.

Marketing Transformation: Funding will be reduced as partnerships are developed to share funding responsibility. (-\$500)

Major Issues: none

**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET**

**INTEREST - OPERATING EXPENSE, PENSION AND  
POST-RETIREMENT BENEFITS**

**I. Mission Supporting Goals and Objectives:**

Interest expense provides for the payment of interest due on Federal Columbia River Power System (FCRPS) debt. This consists of capital investment in FCRPS hydroelectric generating and transmission facilities of BPA, the Corps of Engineers and the Bureau of Reclamation. Investments were financed by Congressional appropriations and BPA borrowings from the U.S. Treasury. BPA repays FCRPS debt through its power sales and transmission services revenues.

Beginning in FY 1997, outstanding FCRPS debt (Corps and Bureau FCRPS facilities and BPA facilities financed before 1974) will be financed at current market rates of interest. Since receiving Treasury borrowing authority in 1974, under the Federal Columbia River Transmission System Act, all BPA borrowings have been at market rates. The Bonneville Appropriations Refinancing Act of 1996 calls for resetting (reducing) the unpaid principal of FCRPS appropriations and reassigning (increasing) interest rates. New principal amounts are established at the beginning of FY 1997, at the present value of the principal and annual interest payments BPA would make to the U.S. Treasury for these obligations in the absence of the legislation, plus \$100 million. BPA's outstanding repayment obligations on appropriations at the end of FY 1996 are estimated to be \$6.8 billion with a weighted average interest rate of 3.5 percent. The refinancing will reduce the principal amount to an estimated \$4.6 billion with an estimated weighted average of 6.3 percent. The refinancing is based on current Treasury market interest rates. Implementation of the refinancing will take place in 1997, including Treasury review and approval of BPA's refinancing calculations.

Interest estimates are a direct function of costs of Treasury borrowing to BPA, repayment status of outstanding FCRPS investments, and projected additions to FCRPS plant in service. The interest cost estimates below were incorporated in BPA's final rate proposal for the 1996 rate case, which established new BPA power and transmission rates effective October 1, 1996. The interest cost estimates include the impact of BPA's appropriation debt refinancing legislation.



**II. Funding Schedule of Accrued Expenditures:****(Dollars in Thousands)**

<b>Program Activity</b>	<b>FY 1996</b>	<b>FY 1997</b>	<b>FY 1998</b>	<b>\$ Change</b>	<b>% Change</b>
-----	-----	-----	-----	-----	-----
BPA Bond Interest (Net)	\$ 144,000	\$ 139,800	\$ 148,200	\$ +8,400	6%
BPA Appropriation Interest	54,800	73,200	73,200	--	--
Corps of Engineers Appropriation Interest	133,400	170,000	177,900	+7,900	5%
Lower Snake River Comp. Plan Interest	5,200	15,800	16,000	+200	1%
Bureau of Reclamation Approp. Interest	33,700	38,800	40,600	+1,800	5%
	-----	-----	-----	-----	-----
Total Interest - Operating Expense	\$ 371,100	\$ 437,600	\$ 455,900	\$ 18,300	4%
	=====	=====	=====	=====	=====
Pension and Post-retirement Benefits	--	--	\$ 2,200	\$ 2,200	--

**Explanation of Accrued Expenditures Funding Changes FY 1997-FY 1998:**

Interest costs increase in FY 1997 to meet interest costs of existing and planned additions to capital investments in service by that year and to incorporate the impacts of The Bonneville Appropriations Refinancing Act of 1996.

Pension and Post-retirement Benefits assumes that the Bonneville will begin to cover the full unfunded liability of the Civil Service Retirement and Disability Fund (Disability Fund), the Employees' Health Benefits Fund (Health Fund) and the Employees' Life Insurance Fund (Insurance Fund) that it has not covered in the past. The unfunded liability is the difference in the current cost of paying current Federal Columbia River Power System( FCRPS) employees' retirement benefits and the sum of (1) seven percent withheld from current employees salaries and (2) an additional seven percent of wages that the FCRPS must already contribute into the Disability Fund each year.

The FY 1998 Budget assumes the entire Bonneville CSRS cost recovery will be phased in over a ten-year period of time given that wholesale power and transmission rates for Bonneville are contractually frozen until the end of FY 2001 in order to meet competitive market pressures. The FY 1998 Budget assumes that the following amounts will be recovered by Bonneville: \$2.2 million in FY 1998; \$4.1 million in FY 1999; \$ 6.0 million in FY 2000; \$8.0 million in FY 2001; \$55.2 million in FY 2002, and \$35.1 million in FY 2003. FY 1998 through FY 2001 amounts are assumed to come from additional Bonneville expense cost reductions. After FY 2002, recovery is assumed to come from new revenues.

Cost estimates include Bonneville and the power related portion of Corps of Engineers, Bureau of Reclamation, and the United States Fish & Wildlife pension and post-retirement benefits. These estimates are subject to further revision following further review.

**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET**

**CAPITAL TRANSFERS**

**I. Mission Supporting Goals and Objectives:**

This activity conveys funds to the U.S. Treasury for repayment of principal investments in the Federal Columbia River Power System. Interest expense repayments associated with Capital Transfers are budgeted with Interest Expenses and Associated Projects costs. Since Capital Transfers are cash transactions they are not included in budget obligations or accrued expenditures.

**II. Funding Schedule:**

(Dollars in Thousands)

<b>Program Activity</b>	<b>FY 1996</b>	<b>FY 1997</b>	<b>FY 1998</b>	<b>\$ Change</b>	<b>% Change</b>
-----	-----	-----	-----	-----	-----
BPA Bond Amortization	\$ 267,000	\$ 205,100	\$ 191,900	\$ -13,200	-6%
BPA Appropriation Amortization	0	0	35,700	35,700	- -
Corps Appropriation Amortization	1,000	0	0	0	--
	-----	-----	-----	-----	-----
TOTAL Capital Transfers	\$ 268,000	\$205,100	\$227,600	\$ 22,500	11%
	=====	=====	=====	=====	=====



						DEPARTMENT OF ENERGY						
						FY 1998 CONGRESSIONAL BUDGET SUBMITTAL						
						BONNEVILLE POWER ADMINISTRATION						
						CURRENT SERVICES						
						(in millions of dollars)						
										CRB	30-Jan-97	
BP-2				EXPENSED OBLIGATIONS/OUTLAYS								
		----- FY 1996 -----		----- FY 1997 -----		----- FY 1998 -----		FY 1999	FY 2000	FY 2001	FY 2002	
		Obligations	Outlays	Obligations	Outlays	Obligations	Outlays	Obligations	Obligations	Obligations	Obligations	
1	Residential Exchange 1/	1,047	1,047	160	160	1,074	1,074	1,091	1,122	1,118	1,118	
2	Marketing, Conservation & Production	1,072	1,072	955	955	1,014	1,014	1,078	1,081	1,060	998	
3	Transmission Services	170	170	140	140	139	139	144	148	155	161	
4	Environment\Fish & Wildlife	73	73	108	108	108	108	108	108	108	112	
5	Associated Project Costs 2/	161	161	165	165	173	173	176	181	187	193	
6	Interest/ Pension 3/	371	371	437	437	458	458	457	460	477	481	
7	Planning Council	8	8	8	8	8	8	8	8	9	9	
8	OBLIGATIONS/OUTLAYS	2,902	2,902	1,973	1,973	2,974	2,974	3,062	3,108	3,114	3,072	
	TOTAL REIMBURSABLE											
9	OBLIGATIONS/OUTLAYS	25	25	15	15	12	12	13	14	14	14	
		CAPITAL OBLIGATIONS/OUTLAYS										
		----- FY 1996 -----		----- FY 1997 -----		----- FY 1998 -----		FY 1999	FY 2000	FY 2001	FY 2002	
		Obligations	Outlays	Obligations	Outlays	Obligations	Outlays	Obligations	Obligations	Obligations	Obligations	
10	Marketing, Conservation & Prod. 4/	(17)	40	47	47	32	32	38	31	31	31	
11	Transmission Services	115	119	161	143	160	138	149	176	210	210	
12	Associated Projects	25	25	20	20	13	13	35	50	53	67	
13	Environment\Fish & Wildlife	31	43	40	39	39	38	38	39	39	40	
14	Capital Equipment	7	9	9	9	9	9	10	10	10	11	
15	TOTAL CAPITAL INVESTMENTS	161	236	277	258	253	230	270	306	343	359	
16	BORROWING AUTHORITY TO											
	FINANCE CAPITAL OBLIGATIONS	161		277		253		270	306	343	359	
17	BORROWING AUTHORITY TO											
	FINANCE OTHER OBLIGATIONS	(87)		(86)		(66)		(109)	(123)	(117)	(137)	
18	TOTAL BORROWING AUTHORITY	74		191		187		161	183	226	222	
1/	For fiscal year 1997, the Energy and Water Development Appropriations Act, Public Law 104-46 established residential exchange cost benefits at \$145 million. BPA expects fiscal year 1997 payments to total \$160 million, which includes an additional \$15 million adjustment for prior year benefits.											
2/	The Associated Project Costs amount in line 5 includes the amortization of Bureau of Reclamation appropriations and irrigation assistance, which are treated as obligations and outlays. Bureau amortization is as follows (\$ in millions): \$0 in FY 1996, \$0 in FY 1997, \$0 in FY 1998, \$0 in FY 1999, \$0 in FY 2000, \$32 in FY 2001and \$9 in FY 2002. Irrigation assistance of \$25,100 is reflected in FY 1997and \$10,000 in FY 2001.											
3/	Pension and Post-retirement Benefits assumes that the Bonneville CSRS cost recovery will be phased in over a ten-year period of time given that wholesale power and transmission rates for Bonneville are contractually frozen until the end of FY 2001. The FY 1998 Budget assumes that the following amounts will be recovered by Bonneville: \$2.2 million in FY 1998; \$4.1million in FY 1999; \$6.0 million in FY 2000; \$8.0 million in FY 2001;\$55.2 million FY 2002. FY 1998 through FY 2001amounts are assumed to come from additional Bonneville expense cost reductions. After FY 2002, recovery is assumed to come from new revenues.											
4/	In conjunction with the termination of various conservation programs and changes in project workplans, BPA has deobligated several conservation projects resulting in a negative obligation balance in FY 1996.											

[illegible]

**DEPARTMENT OF ENERGY**  
**FY 1998 CONGRESSIONAL BUDGET SUBMITTAL**  
**BONNEVILLE POWER ADMINISTRATION**

**TREASURY PAYMENTS**  
(in millions of dollars)

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
<b>A. INTEREST ON BONDS &amp; APPROPRIATIONS</b>							
<b>Bonneville Bond Interest</b>							
1 Bonneville Bond Interest (net)	144	140	148	142	141	145	148
2 AFUDC 1/	16	16	10	11	12	15	20
<b>Appropriations Interest</b>							
3 Bonneville	55	73	73	71	69	68	65
4 Corps of Engineers 2/	133	170	178	184	187	200	210
5 Lower Snake River Comp. Plan	5	16	16	16	16	16	16
6 Bureau of Reclamation Interest	34	39	41	41	41	41	41
7 <b>Total Bond and Approp. Interest</b>	<b>387</b>	<b>454</b>	<b>466</b>	<b>465</b>	<b>466</b>	<b>485</b>	<b>500</b>
<b>B. ASSOCIATED PROJECT COST</b>							
8 Bureau of Reclamation Amortization	0	0	0	0	0	32	9
9 Bureau of Reclamation Irrigation Assistance	0	25	0	0	0	10	0
10 Bureau of Rec. Operations & Maintenance 3/	47	0	0	0	0	0	0
11 Corps of Eng. Operations & Maintenance	87	92	95	98	101	104	108
12 L. Snake River Comp. Plan Oper. &	12	15	16	17	18	18	19
<b>Total Assoc. Project Costs</b>	<b>146</b>	<b>132</b>	<b>111</b>	<b>115</b>	<b>119</b>	<b>164</b>	<b>136</b>
<b>C. CAPITAL TRANSFERS</b>							
<b>Amortization</b>							
13 Bonneville Bonds	267	205	192	122	141	72	177
14 Third AC - Non-Federal Participant Pmt.	0	0	0	0	0	0	0
15 Corps of Engineers	1	0	0	0	0	8	3
16 Lower Snake River Comp. Plan	0	0	0	0	0	0	0
17 Bonneville Appropriations	0	0	36	42	23	49	25
20 <b>Total Capital Transfers</b>	<b>268</b>	<b>205</b>	<b>228</b>	<b>164</b>	<b>164</b>	<b>129</b>	<b>205</b>
21 <b>TOTAL TREASURY PAYMENTS</b>	<b>801</b>	<b>791</b>	<b>805</b>	<b>744</b>	<b>749</b>	<b>778</b>	<b>841</b>

- 1/ This interest cost is capitalized and included in Bonneville's Transmission System Development, System Replacements, and Associated Projects Capital programs. AFUDC is financed through the sale of bonds.
- 2/ Includes interest on construction funding for Corps of Engineers (Corps) fish bypass facilities at Corps dams in the Columbia River Basin, including Lower Monumental, Ice Harbor, and The Dalles dams, as called for in the Fish Spillway Memorandum of Agreement approved on April 10, 1989.
- 3/ Starting in FY 1997, costs for Bureau of Reclamation power O&M is funded directly by Bonneville as follows (in millions) : \$41 in FY1997, \$44 in FY1998, \$45 in FY1999, \$47 in FY2000, \$49 in FY2001, \$51 in FY 2002.

<div>Memorandum of Agreement among The Department of Army The Department of Commerce The Department of Energy and the Department of Interior Concerning Bonneville Power Administration's Financial Commitment for the Columbia River Basin Fish and Wildlife Costs</div>				9/16/96		<div>BONNEVILLE POWER ADMINISTRATION FISH AND WILDLIFE BUDGET (Dollars in Millions)</div>				



DEPRECIATION EXPENSE	BPA	11.5	13.5	16.6	18.7	20.5	25.3		17.7	106.1
TOTAL FIXED EXPENSES		73.1	87.2	105.7	117.7	129.3	156.0		111.5	669.0
TOTAL *		211.5	227.7	246.2	258.2	269.8	296.5		251.7	1509.9

\*In addition, BPA incurs system operations costs when implementing certain Biological Opinions and other measures. These costs will vary depending on water conditions, power prices, and other factors. At current prices these costs are expected to range between \$90 million and \$280 million per year.

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	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001		FYs 1996-2001 Total	FYs 1996-2001 Avg
<b>Direct Program Expenses</b>									
<b>Expenditure Plan</b>	100.0	100.0	100.0	100.0	100.0	100.0			100.0
<b>Expenditure Amount Available 1/</b>	100.0	100.0	100.0	100.0	100.0	100.0		600.0	100.0
<b>Actual (FY96); Planned (FYs 97-01) 2/</b>	68.5	100.0	100.0	100.0	100.0	100.0		568.5	94.8
<b>Carry Forward Balance 3/ 4/</b>	31.5	33.1	34.9	36.8	38.8	40.9			
<b>Reimbursable F&amp;W Expenses of Other Agencies</b>									
<b>Expenditure Plan</b>	38.4	40.5	40.5	40.5	40.5	40.5			40.2
<b>Expenditure Amount Available</b>	40.2	40.2	40.2	40.2	40.2	40.2		241.2	40.2
<b>Actual (FY96); Planned (FYs 97-01)</b>	35.5	40.5	40.5	40.5	40.5	40.5		238.0	39.7
<b>Carry Forward Balance 4/</b>	4.7	4.6	4.6	4.5	4.5	4.4			
<b>Capital Investments</b>									
<b>Fixed Expenses</b>									
<b>Expenditure Plan</b>	73.1	87.2	105.7	117.7	129.3	156.0			111.5
<b>Expenditure Amount Available</b>	111.5	111.5	111.5	111.5	111.5	111.5		669.0	111.5
<b>Actual (FY96); Planned (FYs 97-01)</b>	71.5	84.0	102.6	114.6	126.5	153.4		652.6	108.8
<b>Carry Forward Balance 4/</b>	40.0	69.5	82.2	83.5	73.0	35.1			
<b>Total</b>									
<b>Expenditure Plan</b>	211.5	227.7	246.2	258.2	269.8	296.5			251.7
<b>Expenditure Amount Available</b>	251.7	251.7	251.7	251.7	251.7	251.7		1510.2	251.7
<b>Actual Expenditures</b>	175.5	224.5	243.1	255.1	267.0	293.9		1459.1	243.2
<b>Carry Forward Balance 4/</b>	76.2	107.3	121.7	124.9	116.3	80.4			
River Operations									
Power Purchases 5/	20.0	96.0	89.0	91.5	94.0	80.5		471.0	78.5
Foregone Revenues 5/	20.0	96.0	89.0	91.5	94.0	80.5		471.0	78.5
Total	40.0	192.0	178.0	183.0	188.0	161.0		942.0	157.0
Grand Total	215.5	416.5	421.1	438.1	455.0	454.9			400.2

6/ During the initial discussions when developing the MOA this number was estimated to be about \$435 million.

SB31D1		BONNEVILLE POWER ADMINISTRATION FISH AND WILDLIFE INVESTMENTS CROSSCUT ( \$ in Millions)						TABLE 1 CUMULATIVE TOTAL FY 1978 -
WORKING DRAFT UPDATED 5/1/96		First Funded By:	FY 1978- 1980	FY 1981	FY 1982	FY 1983	FY 1984	1984
CAPITAL INVESTMENTS								
BPA FISH AND WILDLIFE 1/		BPA	0	0	0	0	0	0
ASSOCIATED PROJECTS (FEDERAL HYDRO) 2/		COE	30.0	17.9	61.7	55.1	9.0	173.7
TOTAL CAPITAL INVESTMENTS			30.0	17.9	61.7	55.1	9.0	173.7
PROGRAM OPERATING EXPENSES								
BPA DIRECT FISH AND WILDLIFE PROGRAM 1/								
NON-E S A ACTIVITIES		BPA	2.3	2.3	4.6	9.1	19.6	37.9
E S A ACTIVITIES		BPA	0.0	0.0	0.0	0.0	0.0	0.0
SUBTOTAL			2.3	2.3	4.6	9.1	19.6	37.9
BPA POWER PURCH. FOR FISH ENHANCEMENT (NET) THRU FY 1993								
EXISTING WATER BUDGET 3/		BPA	0.0	0.0	0.0	0.0	12.0	12.0
E S A IMPLEMENTATION 4/		BPA	0.0	0.0	0.0	0.0	0.0	0.0
SUB TOTAL			0.0	0.0	0.0	0.0	12.0	12.0
BPA POWER PURCH. FOR FISH ENHANCEMENT (NET) EFF. FY 1994 5/								
U. COLUMBIA RIVER WATER BUDGET		BPA	---	---	---	---	---	---
SPILL FOR JUVENILE/ADULT PASSAGE 6/		BPA	---	---	---	---	---	---
FLOW AUGMENTATION 7/		BPA	---	---	---	---	---	---
REDUCED FOREBAY LEVELS		BPA	---	---	---	---	---	---
ESA - NMFS FUND (ADD. SPILL FOR JUVE PASS.)		BPA	---	---	---	---	---	---
SUB TOTAL								
REIMBURSABLE (ASSOC. PROJECTS - FEDERAL HYDRO)								
O & M LOWER SNAKE RIVER HATCHERIES		USFWS	0.0	0.5	1.0	2.2	3.6	7.3
O & M CORPS (w/bypass eff. FY 1992)		COE	15.0	5.4	7.6	9.1	10.0	47.1
O & M BUREAU (hatchery eff. FY 1992)		BOR	0.0	0.0	0.0	0.0	0.0	0.0
OTHER (NW POWER PLANNING COUNCIL)		BPA	0.0	0.2	2.9	2.9	2.4	8.4
SUBTOTAL			15.0	6.1	11.5	14.2	16.0	62.8
TOTAL PROGRAM OPERATING EXPENSES			17.3	8.4	16.1	23.3	47.6	112.7
PROGRAM RELATED FIXED EXPENSES 9/								
INTEREST EXPENSE		BPA	15.0	6.4	9.2	12.1	12.7	55.4
AMORTIZATION EXPENSE		BPA	0.0	0.0	0.0	0.0	0.0	0.0
DEPRECIATION EXPENSE		BPA	9.0	2.4	3.2	3.8	3.9	22.3
TOTAL PROGRAM FIXED EXPENSES			24	8.8	12.4	15.9	16.6	77.7
GRAND TOTAL PROGRAM EXPENSES			41.3	17.2	28.5	39.2	64.2	190.4
FOREGONE REVENUES THRU FY 1993								
SPILL (at Federal dams)		BPA	0.0	3.0	14.0	1.0	8.0	26.0
ESA Drawdown - Minimum Operating Pool 10/		BPA	0.0	0.0	0.0	0.0	0.0	0.0
			0.0	3.0	14.0	1.0	8.0	26.0
FOREGONE REVENUES FY 1994 5/								
U. COLUMBIA RIVER WATER BUDGET		BPA	---	---	---	---	---	---
SPILL FOR JUVENILE PASSAGE 6/		BPA	---	---	---	---	---	---
FLOW AUGMENTATION		BPA	---	---	---	---	---	---
REDUCED FOREBAY LEVELS 10/		BPA	---	---	---	---	---	---
ESA - NMFS FUND (ADD. SPILL FOR JUVE PASS.)		BPA	---	---	---	---	---	---
SUBTOTAL								
TOTAL - PROGRAM EXPENSES & FOREGONE REVENUES			41.3	20.2	42.5	40.2	72.2	216.4

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS TABLE.

SB31D1 WORKING DRAFT  
 UPDATED 5/1/96

BONNEVILLE POWER ADMINISTRATION  
 FISH AND WILDLIFE INVESTMENTS CROSSCUT  
 ( \$ in Millions)

TABLE 2  
 CUMULATIVE  
 TOTAL  
 FY 1985 -  
 1990

CAPITAL INVESTMENTS

	First Funded By:	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	
BPA FISH AND WILDLIFE 1/	BPA	10.2	8	4.7	7.7	8.3	16.2	55.1
ASSOCIATED PROJECTS (FEDERAL HYDRO) 2/	COE	46.4	9.1	78.6	7.6	5.3	4.5	151.5
<b>TOTAL CAPITAL INVESTMENTS</b>		<b>56.6</b>	<b>17.1</b>	<b>83.3</b>	<b>15.3</b>	<b>13.6</b>	<b>20.7</b>	<b>206.6</b>

PROGRAM OPERATING EXPENSES

BPA DIRECT FISH AND WILDLIFE PROGRAM 1/

NON-E S A ACTIVITIES	BPA	15.9	19.6	22.2	18.8	23.0	32.8	132.3
E S A ACTIVITIES	BPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>SUBTOTAL</b>		<b>15.9</b>	<b>19.6</b>	<b>22.2</b>	<b>18.8</b>	<b>23.0</b>	<b>32.8</b>	<b>132.3</b>

BPA POWER PURCH. FOR FISH ENHANCEMENT (NET) THRU FY 1993

EXISTING WATER BUDGET 3/	BPA	17.0	74.0	11.0	40.0	40.0	40.0	222.0
E S A IMPLEMENTATION 4/	BPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>SUB TOTAL</b>		<b>17.0</b>	<b>74.0</b>	<b>11.0</b>	<b>40.0</b>	<b>40.0</b>	<b>40.0</b>	<b>222.0</b>

BPA POWER PURCH. FOR FISH ENHANCEMENT (NET) EFF. FY 1994 5/

U. COLUMBIA RIVER WATER BUDGET	BPA	---	---	---	---	---	---	---
SPILL FOR JUVENILE/ADULT PASSAGE 6/	BPA	---	---	---	---	---	---	---
FLOW AUGMENTATION 7/	BPA	---	---	---	---	---	---	---
REDUCED FOREBAY LEVELS	BPA	---	---	---	---	---	---	---
ESA - NMFS FUND (ADD. SPILL FOR JUVE PASS.)	BPA	---	---	---	---	---	---	---
<b>SUB TOTAL</b>								

REIMBURSABLE (ASSOC. PROJECTS - FEDERAL HYDRO)

O & M LOWER SNAKE RIVER HATCHERIES	USFWS	5.4	4.9	5.8	5.1	7.6	8.3	37.1
O & M CORPS (w/bypass eff. FY 1992)	COE	11.4	15.8	20.7	10.5	12.3	11.5	82.2
O & M BUREAU (hatchery eff. FY 1992)	BOR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER (NW POWER PLANNING COUNCIL)	BPA	3.1	3.0	3.2	3.4	3.7	3.6	20.0
<b>SUBTOTAL</b>		<b>19.9</b>	<b>23.7</b>	<b>29.7</b>	<b>19.0</b>	<b>23.6</b>	<b>23.4</b>	<b>139.3</b>

TOTAL PROGRAM OPERATING EXPENSES

52.8 117.3 62.9 77.8 86.6 96.2 493.6

PROGRAM RELATED FIXED EXPENSES 9/

INTEREST EXPENSE	BPA	15.3	17.1	22.2	24.3	24.5	26.0	129.4
AMORTIZATION EXPENSE	BPA	0.1	0.5	0.8	1.1	1.7	2.4	6.6
DEPRECIATION EXPENSE	BPA	4.3	4.5	5.5	5.6	5.7	5.9	31.5
<b>TOTAL PROGRAM FIXED EXPENSES</b>		<b>19.7</b>	<b>22.1</b>	<b>28.5</b>	<b>31</b>	<b>31.9</b>	<b>34.3</b>	<b>167.5</b>

GRAND TOTAL PROGRAM EXPENSES

72.5 139.4 91.4 108.8 118.5 130.5 661.1

FOREGONE REVENUES THRU FY 1993

SPILL (at Federal dams)	BPA	27.0	19.0	9.0	10.0	15.0	15.0	95.0
ESA Drawdown - Minimum Operating Pool 10/	BPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		<b>27.0</b>	<b>19.0</b>	<b>9.0</b>	<b>10.0</b>	<b>15.0</b>	<b>15.0</b>	<b>95.0</b>

FOREGONE REVENUES FY 1994 5/

U. COLUMBIA RIVER WATER BUDGET	BPA	---	---	---	---	---	---	---
SPILL FOR JUVENILE PASSAGE 6/	BPA	---	---	---	---	---	---	---
FLOW AUGMENTATION	BPA	---	---	---	---	---	---	---
REDUCED FOREBAY LEVELS 10/	BPA	---	---	---	---	---	---	---
ESA - NMFS FUND (ADD. SPILL FOR JUVE PASS.)	BPA	---	---	---	---	---	---	---
<b>SUBTOTAL</b>								
<b>TOTAL - PROGAM EXPENSES &amp; FOREGONE REVENUES</b>		<b>99.5</b>	<b>158.4</b>	<b>100.4</b>	<b>118.8</b>	<b>133.5</b>	<b>145.5</b>	<b>756.1</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS TABLE.

SB31D1		BONNEVILLE POWER ADMINISTRATION FISH AND WILDLIFE INVESTMENTS CROSSCUT (\$ in Millions)					CUMULATIVE TOTAL FY 1991 - 1995	TABLE 3 ALL YEARS TOTAL FY 1978 - FY 1995
WORKING DRAFT	UPDATED 5/1/96	First Funded By:	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	
<b>CAPITAL INVESTMENTS</b>								
BPA FISH AND WILDLIFE 1/		BPA	17.7	11.2	17.3	20.5	32.5	154.3
ASSOCIATED PROJECTS (FEDERAL HYDRO) 2/		COE	12.0	4.7	162.0	63.0	289.7	614.9
<b>TOTAL CAPITAL INVESTMENTS</b>			<b>29.7</b>	<b>15.9</b>	<b>179.3</b>	<b>83.5</b>	<b>388.9</b>	<b>769.2</b>
<b>PROGRAM OPERATING EXPENSES</b>								
<b>BPA DIRECT FISH AND WILDLIFE PROGRAM 1/</b>								
NON-E S A ACTIVITIES		BPA	32.7	59.4	30.0	43.5	213.3	383.5
E S A ACTIVITIES		BPA	0.3	7.6	19.6	12.4	63.6	63.6
<b>SUBTOTAL</b>			<b>33.0</b>	<b>67.0</b>	<b>49.6</b>	<b>55.9</b>	<b>276.9</b>	<b>447.1</b>
<b>BPA POWER PURCH. FOR FISH ENHANCEMENT (NET) THRU FY 1993</b>								
EXISTING WATER BUDGET 3/		BPA	40.0	40.0	40.0	0.0	120.0	354
E S A IMPLEMENTATION 4/		BPA	0.0	19.0	64.0	0.0	83.0	83
<b>SUB TOTAL</b>			<b>40.0</b>	<b>59.0</b>	<b>104.0</b>	<b>0.0</b>	<b>203.0</b>	<b>437.0</b>
<b>BPA POWER PURCH. FOR FISH ENHANCEMENT (NET) EFF. FY 1994 5/</b>								
U. COLUMBIA RIVER WATER BUDGET		BPA	---	---	---	40.0	0.0	---
SPILL FOR JUVENILE/ADULT PASSAGE 6/		BPA	---	---	---	5.7	0.0	---
FLOW AUGMENTATION 7/		BPA	---	---	---	66.0	0.0	---
REDUCED FOREBAY LEVELS		BPA	---	---	---	0.0	0.0	---
ESA - NMFS FUND (ADD. SPILL FOR JUVE PASS.)		BPA	---	---	---	0.0	0.0	---
<b>SUB TOTAL</b>						<b>111.7</b>	<b>114.0</b>	<b>225.7</b>
<b>REIMBURSABLE (ASSOC. PROJECTS - FEDERAL HYDRO)</b>								
O & M LOWER SNAKE RIVER HATCHERIES		USFWS	8.7	11.2	11.2	12.4	56.2	100.6
O & M CORPS (w/bypass eff. FY 1992)		COE	11.8	13.3	14.0	16.9	73.8	203.1
O & M BUREAU (hatchery eff. FY 1992)		BOR	0.0	0.0	1.2	1.3	3.8	3.8
OTHER (NW POWER PLANNING COUNCIL)		BPA	3.8	3.9	4.1	4.3	20.4	48.8
<b>SUBTOTAL</b>			<b>24.3</b>	<b>28.4</b>	<b>30.5</b>	<b>34.9</b>	<b>154.2</b>	<b>356.3</b>
<b>TOTAL PROGRAM OPERATING EXPENSES</b>			<b>97.3</b>	<b>154.4</b>	<b>184.1</b>	<b>202.5</b>	<b>221.5</b>	<b>1466.1</b>
<b>PROGRAM RELATED FIXED EXPENSES 9/</b>								
INTEREST EXPENSE		BPA	29.2	31.4	40.6	46.1	192.2	377
AMORTIZATION EXPENSE		BPA	3.6	4.8	5.5	6.8	29.2	35.8
DEPRECIATION EXPENSE		BPA	5.4	5.7	7.5	8.4	37.2	91
<b>TOTAL PROGRAM FIXED EXPENSES</b>			<b>38.2</b>	<b>41.9</b>	<b>53.6</b>	<b>61.3</b>	<b>258.6</b>	<b>503.8</b>
<b>GRAND TOTAL PROGRAM EXPENSES</b>			<b>135.5</b>	<b>196.3</b>	<b>237.7</b>	<b>263.8</b>	<b>285.1</b>	<b>1969.9</b>
<b>FOREGONE REVENUES THRU FY 1993</b>								
SPILL (at Federal dams)		BPA	15.0	15.0	20.0	---	50.0	171
ESA Drawdown - Minimum Operating Pool 10/		BPA	0.0	8.0	25.0	---	33.0	33
			<b>15.0</b>	<b>23.0</b>	<b>45.0</b>	<b>0.0</b>	<b>83.0</b>	<b>204.0</b>
<b>FOREGONE REVENUES FY 1994 5/</b>								
U. COLUMBIA RIVER WATER BUDGET		BPA	---	---	---	0.0	---	0.0
SPILL FOR JUVENILE PASSAGE 6/		BPA	---	---	---	32.0	---	0.0
FLOW AUGMENTATION		BPA	---	---	---	0.0	---	0.0
REDUCED FOREBAY LEVELS 10/		BPA	---	---	---	25.0	---	0.0
ESA - NMFS FUND (ADD. SPILL FOR JUVE PASS.)		BPA	---	---	---	5.0	---	0.0
<b>SUBTOTAL</b>						<b>62.0</b>	<b>114.0</b>	<b>176.0</b>
<b>TOTAL - PROGRAM EXPENSES &amp; FOREGONE REVENUES</b>			<b>150.5</b>	<b>219.3</b>	<b>282.7</b>	<b>325.8</b>	<b>399.1</b>	<b>2349.9</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS TABLE.

**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION**

**Notes - Fish and Wildlife Investments Crosscut Tables  
Fiscal Years 1978 through 1995**

These notes support three tables that display the Pacific Northwest electric utility ratepayers' investment in fish and wildlife activities within the Columbia River Basin. The tables represent the annual expense for all fish and wildlife investments funded under the Federal Columbia River Power System from a rate making, revenue requirement perspective for the period Fiscal Years (FY) 1978 to 1995. Where audited actuals are not available in this period, best estimates are used. The three tables cover the following periods: Table 1 - FY 1978 through FY 1984, Table 2 - FY 1985 through FY 1990, and Table 3 - FY 1991 through FY 1995.

The costs shown in the tables are based on budget outlays (rather than obligations) for the year shown. The title "Capital Investments," shown at the top of the table, is presented for information only. The annual expense (interest, amortization, and depreciation) associated with these capital investments is shown under the title "Program Related Fixed Expenses."

BPA has a mandate, under the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act), to undertake activities to enhance and support fish and wildlife resources adversely affected by the hydroelectric development of the Columbia River Basin. Under the Act, the Northwest Power Planning Council has established a fish and wildlife program that oversees regional efforts to improve fish and wildlife survival. In conjunction with the Power Planning Council, affected states within the BPA service area, public agencies and Indian tribes, BPA identifies opportunities for effective actions to restore habitat and support fish and wildlife population, and provides funding for those activities.

BPA also has a mandate to implement measures called for under the Endangered Species Act. These measures are part of the Biological Opinions (BO) issued by the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (USFWS) regarding the operations of the Federal Columbia River hydro electric system. The expenses associated with the calendar year (CY) 1995 NMFS BO, addressing measures regarding listed salmon species, and the CY 1995 USFWS BO, addressing measures concerning Kootanai River sturgeon and certain Snake River snails, are reflected in the tables.

BPA funding of the Power Planning Council's Fish and Wildlife Program measures and measures called for under ESA, starting in FY 1992, has increasingly become interrelated and as such, difficult to separately track. As a result, the ESA activities reported under the heading "BPA Direct Fish and Wildlife Program" will no longer be separated in forecasts that extend beyond the budget year.

BPA has a direct program "budget" that is the source of funding the Council's Fish and Wildlife Program and certain ESA measures called for in Biological Opinions. This budget is reflected in these tables under two headings. The first is under "Capital Investments" for fish and wildlife, and the second is under "Program Operating Expenses" for BPA fish and wildlife program. (Because these tables present a "revenue requirement" view of BPA's overall fish and wildlife annual investment, only the fixed expenses of the capital investment are included in the total, as noted above.)

Adjustments for implementation of Section 4(h)(10)(C) of the Northwest Power Act for FY 1994 and FY 1995 are \$18.7 million and \$56.3 million, respectively, are not reflected in Table 3. The Section 4(h)(10)(C) credits were received against BPA's FY 1994 and FY 1995 Treasury repayment. The credit reflects implementation of Section 4(h)(10)(C) which calls for a portion of BPA's fish and wildlife expenses to be allocated to the other purposes of the Federal projects in the Columbia River Basin. Analysis has determined that the BPA's power share is 73 percent and the taxpayer's share is 27 percent.

- The tables represent a "revenue requirement" view of BPA's fish and wildlife funding responsibilities except for foregone revenues. All expenses in these tables are paid for by BPA's ratepayers.
- Power purchases and foregone revenues for FY 1994 reflect the measures contained in the CY 1994 National Marine Fisheries Service's (NMFS) Biological Opinion issued March 16, 1994, pursuant to the Endangered Species Act (ESA). Estimates for FY 1995 reflect the average of 50 water year conditions and reflect the measures contained in the NMFS Biological Opinion issued March 2, 1995, pursuant to ESA. The estimated expenses for FY 1995 are split 50/50 between power purchases and foregone revenues. A detailed accounting of FY 1995 expenses is not complete at this writing but should be included in later updates to Table 3. A format change in the display of the Power Purchases for Fish Enhancement and Foregone Revenues occurs starting in FY 1994 to better reflect NMFS Biological Opinion elements.

#### Footnotes

1/ Based on outlays. The BPA Program Expenses - ESA for the period FY 1991 through FY 1995 reflect funding specifically mandated by ESA and also those expenditures that, while not specifically mandated, are intended to assist in the recovery of ESA-listed species. Examples of these projects are the squawfish predator control program and the Kootanai River sturgeon program.

2/ Based on plant-in-service as reported by the Corps of Engineers. Through FY 1977, cumulative plant-in-service is estimated at \$165 million. A review of these annual estimates is planned and may result in restatements of annual plant-in-service and resulting adjustments in Program Related Fixed Expenses.

3/ Expenses through FY 1991 are for Water Budget only. ESA implementation began in FY 1992 in anticipation of NMFS listings that led to a Biological Opinion that was issued in calendar year (CY) 1993.

4/ In FY 1993, estimates reflect the CY 1993 NMFS Biological Opinion.

5/ The FY 1994 estimates reflect the measures contained in the 1994 NMFS Biological Opinion issued March 16, 1994. Estimates for FY 1995 reflect NMFS Biological Opinion issued March 2, 1995, and are the average of 50 water year conditions. As noted above, accounting is not complete on FY 1995 hydro operations. Effective in FY 1994, these expenses are displayed with greater detail, consistent with categories identified by NMFS in the Biological Opinion.

6/ The estimate for FY 1994 reflects CY 1994 NMFS Biological Opinion spill levels April 10, 1994, through the migration period. It also reflects emergency spill measures implemented by NMFS May 11, 1994 through June 20, 1994.

7/ The estimate for FY 1994 reflects CY 1994 NMFS Biological Opinion flow augmentation volumes plus the additional releases from Dworshak (to elevation 1490 feet) and Upper Columbia reservoirs (1.33 MAF).

8/ Associated Projects costs reflect the power share of the fish and wildlife O&M reimbursed to the Treasury. The amounts shown are based on estimates of the agency, adjusted for actuals by BPA where data is available. (Prior versions of these tables included a line representing estimates for "ESA" related expenses for FY's 1992 and 1993. This sub-category has been removed because expenses are not separately reported to Bonneville, although ESA expenses are assumed to be imbedded in the expenses of the Federal agencies [excluding the Council which has no ESA related expenses.]

9/ Interest expense includes BPA's interest on bonds (for fish and wildlife) and interest on the Corps of Engineers (Federal) investment in fish and wildlife assigned to the power purposes of the Federal projects. Amortization reflects BPA's bonds and depreciation reflects the Federal investment in fish and wildlife. These amounts include expenses for interest during construction on federal investments.

10/ "ESA drawdown" includes operations of the four Lower Snake River dams at near minimum operating pool elevations and John Day Dam at minimum irrigation pool, as in 1992. Other drawdown proposals being studied include physical changes to the Lower Snake River dams. These proposals would result in significantly higher costs and are not included in either the ESA drawdown or reduced forebay levels in these tables.

3/6/96

DByrnes:dmb:230-3171 (ECB-SB31D1)



			DEPARTMENT OF ENERGY						
			FY 1998 CONGRESSIONAL BUDGET SUBMITTAL						
			BONNEVILLE POWER ADMINISTRATION						
			CURRENT SERVICES						
			PROGRAM & FINANCING SUMMARY						
			(in millions of dollars)						
Identification Code: 89-4045-0-3-271								30-Jan-97	
			1996 est.	1997 est.	1998 est.	1999 est.	2000 est.	2001 est.	2002 est.
Program by activities:									
	Operating expenses:								
0.10	Power Business Line		1,021	921	975	1,046	1,055	1,038	976
0.11	Residential Exchange 1/		1,047	160	1,074	1,091	1,122	1,118	1,118
	Associated Project Costs:								
0.12	Bureau of Reclamation		47	41	44	45	47	49	51
0.13	Corps of Engineers		87	92	95	98	101	104	108
0.14	Colville Settlement		15	15	15	15	15	15	15
0.15	U.S. Fish & Wildlife Service		12	15	16	17	18	18	19
0.16	Planning Council		8	8	8	8	8	9	9
0.17	Fish & Wildlife		65	100	100	99	99	99	103
0.20	Transmission Business Line		178	153	150	155	159	167	173
0.30	Conservation & Energy Efficiency		51	45	51	43	37	34	33
0.40	Interest		371	438	456	453	454	469	481
0.50	Pension and Health Benefits 2/		0	0	2	4	6	8	0
0.60	Total operating expenses 3/		2,902	1,988	2,986	3,074	3,121	3,128	3,086
	Capital investment:								
1.01	Power Business Line		25	20	13	35	50	53	67
1.02	Transmission Services		115	175	171	161	188	222	223
1.03	Conservation & Energy Efficiency		(17)	47	33	38	31	31	31
1.04	Fish & Wildlife		31	27	27	27	27	27	27
1.05	Capital Equipment		7	8	9	9	10	10	11
1.07	Total Capital Investment 4/		161	277	253	270	306	343	359
10.00	Total obligations		3,063	2,265	3,239	3,344	3,427	3,471	3,445
1/	For fiscal year 1997, the Energy and Water Development Appropriations Act Public Law 104-46 established residential exchange cost benefits at \$145 million. BPA expects fiscal year 1997 expenses to total \$160 million, which includes an additional \$15 million adjustment for prior year benefits.								
2/	Assumes that Bonneville will fully recover, from the sale of electric power and transmission, funds sufficient to cover the full cost of associated Civil Service Retirement System and Post-Retirement Benefits. The full cost of employees working under the Federal Employees Retirement System (FERS) is already fully recovered in Bonneville wholesale electric power and transmission rates.								
3/	Reflects expensed obligations, not accrued expenses.								
4/	Reflects capital obligations, not capital expenditures.								
5/	In conjunction with the termination of various conservation programs and changes in project workplans, BPA has deobligated several conservation projects resulting in a negative obligation.								

**Program and Financing (continued)**

	1996 est	1997 est	1998 est	1999 est	2000 est	2001 est	2002 est
<b>Financing:</b>							
21.90 Unobligated balance available, start of year: Treasury balance 3/	(144)	(235)	(235)	(235)	(235)	(235)	(235)
24.90 Unobligated balance available, end of year: Treasury balance 3/	235	235	235	235	235	235	235
25.00 Unobligated balance lapsing	0	1	0	1	1	0	0
39.00 Budget authority (gross)	3,154	2,268	3,239	3,345	3,428	3,471	3,445
<b>Budget Authority:</b>							
67.16 Permanent Authority: Authority to borrow (indefinite) 4/	74	191	187	161	183	226	222
68.00 Spending authority from off-setting collections	3,348	2,280	3,280	3,348	3,409	3,406	3,492
68.47 Portion applied to debt reduction 5/	(268)	(205)	(228)	(164)	(184)	(161)	(269)
68.90 Spending authority from offsetting collections (adjusted)	3,080	2,075	3,052	3,184	3,245	3,245	3,223
<b>Relation of obligations to outlays:</b>							
71.00 Total obligations	3,063	2,265	3,239	3,345	3,428	3,471	3,445
<b>Obligated balance, start of year:</b>							
72.47 Authority to borrow	168	(81)	(62)	(37)	(34)	(34)	(34)
72.90 Treasury balance 3/	23	37	37	37	37	37	37
<b>Obligated balance, end of year:</b>							
74.47 Authority to borrow	81	62	37	34	34	34	34
74.90 Treasury balance 3/	(37)	(37)	(37)	(37)	(37)	(37)	(37)
87.00 Outlays (gross)	3,207	2,248	3,214	3,342	3,422	3,463	3,445
<b>Adjustments to budget authority and outlays:</b>							
<b>Deductions for offsetting collections:</b>							
88.00 Federal funds	(90)	(90)	(90)	(90)	(90)	(90)	(90)
88.40 Non-Federal sources	(3,258)	(2,190)	(3,190)	(3,258)	(3,319)	(3,316)	(3,402)
88.90 Total, offsetting collections	(3,348)	(2,280)	(3,280)	(3,348)	(3,409)	(3,406)	(3,492)
89.00 Budget authority (net)	(194)	(14)	(41)	(3)	19	65	(47)
90.00 Outlays (net)	(141)	(34)	(66)	(6)	13	67	(47)

3/ FY 1996-2002 Treasury balance and unobligated balance estimates assume that BPA will borrow the amount needed to finance the full capital program. Actual Treasury borrowing and cash balances will be different, depending on net revenues, Treasury interest rates, and other cash management factors. Borrowing could be higher such that cash balances at the end of each year could equal total reserves.

4. The Permanent Authority: Authority to borrow (indefinite) amount for FYs 1998-2002 reflects both BPA's capital program financing needs and either the use of, or creation of, deferred borrowing. Deferred borrowing is created when, as a cash and debt management decision, BPA uses cash from revenues to liquidate capital obligations in lieu of borrowing. This temporary use of cash on hand instead of borrowed funds creates the ability in future years to borrow money, when necessary or fiscally prudent, to finance normally revenue funded activities. Technical Executive Branch budget display and tracking requirements have modified the way BPA shows this deferred borrowing as a resource carried forward from year-to-year. This amount must therefore be added to, or subtracted from, BPA's current year borrowing authority amount, making this number a combination of capital program financing needs and the annual use, or creation of deferred borrowing. The FY 1989 Energy and Water Development Appropriations Act (P.L. 100-371 of 7/19/88) clarified that BPA has authority to incur obligations in excess of borrowing authority and cash in the BPA Fund. The two amounts which comprise the net amount on line 67.90 above are as follows:

Borrowing Authority:	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
to finance capital obligations	161	277	263	270	306	343	359
to finance other obligations	(87)	(86)	(66)	(109)	(123)	(117)	(137)
Total Borrowing Authority (67.90)	74	191	187	161	183	226	222

5/ Includes amortization of BPA and Corps of Engineers appropriations and amortization of BPA bonds. Line 68.47 is referred to as capital transfers on BP-3.

DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET  
BONNEVILLE POWER ADMINISTRATION

Estimate of Proprietary Receipts  
(in millions of dollars)

<u>FY</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Bureau Interest	34	39	41	41	41	41	40	42	45	45	46	46
Bureau Amortization	0	0	0	0	0	32	9	0	0	0	0	0
Bureau O&M	47	0	0	0	0	0	0	0	0	0	0	0
Bureau Irrig. Assist.	0	25	0	0	0	10	0	0	0	0	0	0
Total 1/	81	64	41	41	41	83	49	42	45	45	46	46
Corps O&M	87	92	95	98	101	104	108	112	117	121	126	131
LSRCP O&M	11	15	16	16	17	17	18	17	17	17	18	19
	98	107	111	114	118	121	126	129	134	138	144	150
4(h)10(C) credit	-30	-62	-60	-61	-62	-58	-59	-59	-59	-59	-59	-59
Total 2/	68	45	51	53	56	63	67	70	75	79	85	91

1/ Includes amortization of appropriations and irrigation assistance, and interest costs for the Bureau of Reclamation.

The cost of power O&M for Bureau of Reclamation is no longer included in Proprietary Receipts due to Direct Funding by Bonneville. Represents transfers to Account #895000.26

2/ Includes O&M costs only for the Corps of Engineers and the Lower Snake River Compensation Plan activities.

Represents transfers to Account #892889

Bonneville Direct Funding Costs for Bureau of Reclamation power O&M is as follows ( \$ in millions): \$41 in FY1997, \$44 in FY1998, \$45 in FY1999, \$47 in FY2000, \$49 in FY2001, \$51 in FY2002, \$53 in FY2003, \$55 in FY2004, \$57 in FY2005, \$59 in FY2006, \$61 in FY2007.

				DEPARTMENT OF ENERGY			A-11-35A
				FY 1998 CONGRESSIONAL BUDGET SUBMITTAL			
				BONNEVILLE POWER ADMINISTRATION FUND			
				OBJECT CLASSIFICATION STATEMENT			
				(in millions of dollars)			
				IDENTIFICATION CODE: 89-4045-0-3-271			
				DIRECT OBLIGATIONS			
				1996	1997	1998	
				ACTUALS	ESTIMATES	ESTIMATES	
11.1	Full-time permanent			175	173	163	
11.3	Other than full-time permanent			1	2	2	
11.5	Other personnel compensation			6	6	6	
11.9	Total personnel compensation			182	181	171	
12.1	Civilian personnel benefits			30	30	28	
21.0	Travel and transportation of persons			11	11	10	
22.0	Transportation of things			5	5	5	
23.1	Rental payments to GSA			10	10	10	
23.2	Rents, other			4	4	4	
23.3	Communications, utilities and misc. cha			5	5	5	
24.0	Printing and reproduction			1	1	1	
25.1	Consulting Services			2	2	2	
25.2	Other services			2,186	1,266	2,270	
25.3	Purchases from Government Accounts			152	175	175	
25.5	R & D Contracts			10	10	10	
26.0	Supplies and materials			50	50	50	
31.0	Equipment			25	25	25	
32.0	Lands and structures			15	15	15	
41.0	Grants, subsidies, contributions			2	2	2	
43.0	Interest and dividends			373	473	456	
99.0	Subtotal obligations			3,063	2,265	3,239	
99.9	Total obligations			3,063	2,265	3,239	

**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET**

**PERSONNEL SUMMARY**

	<b>FY 1996 <u>Actual</u></b>	<b>FY 1997 <u>Estimate</u></b>	<b>FY 1998 <u>Estimate</u></b>
Identification Code: 89-4045-0-3-271			
Direct:			
Total compensable work years:			
Full-time equivalent employment	3,160	3,131	2,930
Full-time equivalent of overtime	81	81	81
Full-time equivalent of holiday hours	4	4	4

FTE levels reflect DOE FY 1997/1998 staffing budget.

**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET**

**FTE Object Cost and Program Performance Analysis**

**I. Background**

During the FY 1996 budget appropriations hearings the Congress indicated that it is difficult to determine where each Department of Energy employee is located and the costs associated with each. For FY 1997, the Department was instructed to include all salaries and related expenses in the program that manages the employee. Further, within each appropriation account, each organization should have one program direction line for all full-time equivalent employees (FTEs), both field and headquarters, and provide object class information for all expenses. No Federal employees are to be funded in program accounts.

**II. Introduction:**

These instructions applied to Bonneville as a distinct entity within the Department of Energy rather than as a program that spans the Department or an organization of the Department with installations or programs spread throughout DOE. BPA's program is a single account - the BPA Fund. This program is based upon BPA's business plan and strategic business objectives. The business-based budget is consistent with BPA's rate process and reflects regional review of program proposals by customers, rate payers and other stakeholders in BPA's program. In accord with BPA's statutory directive to present business-based budgets, the BPA program is presented as a fully funded self-financed power marketing program of interdependent capital and expense programmatic activities. Since each programmatic activity is an enterprise product or service, BPA's budget presents fully allocated program proposals that include all Federal employees, their costs, support and other program costs. Moreover, fully allocated budgets are critical to competitive pricing, business line and product margin management and accountability of BPA managers to customers, rate payers and the Congress and the Executive.

Because BPA is a governmental enterprise, its budgets present both enterprise and governmental information. Programmatic information presents the fully allocated costs of providing levels of product and service and achieving objectives against standards of performance. The program and performance schedule, budget obligational schedules, and the budget object classification schedule present BPA's enterprise budget on the basis of categories and costs of goods and services purchased by government spending and estimated rate and level of spending against authorizations and estimates.

All personnel-related costs of BPA's program for the period FY 1996-FY 1998 have been separated from the other budget object costs in the accompanying budget object crosscut. Comparison with last year's budget shows the efforts of BPA's cost-cutting competitiveness efforts. The data from this year's budget submission are summarized by the following tabulation.

## BPA BUDGET OBJECT SUMMARY

(in thousands of dollars)

	FY 1996			FY 1997			FY 1998		
	BPA	FTE \$\$ Only	All Other	BPA	FTE \$\$ Only	All Other	BPA	FTE \$\$ Only	All Other
Salary & Benefits	\$ 212,000	\$ 212,000	\$-	\$ 211,000	\$ 211,000		\$ 199,000	\$ 199,000	-
Travel	\$11,000	\$11,000	\$-	\$ 11,000	\$ 11,000	\$-	\$ 10,000	\$ 10,000	\$-
Support Services	\$ 22,000	\$ 22,000	\$-	\$22,000	\$22,000	\$ -	\$22,000	\$22,000	\$-
Other Related Expenses	\$ 2,818,000	\$ -	\$ 2,818,000	\$ 2,021,000	\$ -	\$ 2,021,000	\$ 3,008,000	\$ -	\$ 3,008,000
Total	\$ 3,063,000	\$ 245,000	\$ 2,818,000	\$2,265,000	\$ 244,000	\$ 2,021,000	\$ 3,239,000	\$ 231,000	\$ 3,008,000
<hr/>									
Full-time equivalents	3,160	3,160	-	3,131	3,131	-	2,930	2,930	-

### III. Program Performance - Performance and Measurement

BPA program FTE and costs support the following BPA program performance. BPA provides electric power at its total system costs and annually earns revenues of more than \$3 billion. BPA is the benchmark for power and transmission prices, giving ratepayers the best long-term assurance of low-cost power in the Pacific Northwest. BPA sells about 75 million megawatt-hour of electric energy annually, provides wheeling interchange and purchase-power delivery of an additional 75 million megawatts of electric energy for a total system load of more than 150 million megawatt-hours of energy. BPA builds and maintains a reliable transmission system. In fact, BPA operates 80 percent of the region's high-voltage transmission system and serves about half of the electric needs of the Pacific Northwest's nearly 10 million-person population. BPA gives preference for Federal power to municipal systems, public utility districts and rural cooperatives. BPA provides for the participation and consultation of the public in regional plans and programs. BPA exchanges Federal power with high-cost utilities to share the regional hydro-system benefits with their residential and small farm customers. BPA protects and enhances fish wildlife by mitigating the effects resulting from Federal hydroelectric development in the Columbia River Basin. BPA provides leadership in achieving the region's cost-effective potential for energy conservation and renewable resources. BPA recovers the costs necessary to produce, transmit and conserve resources to meet electric power requirement. In addition to its other responsibilities, BPA recognizes that it has a trust responsibility that grows out the historical relationship between the Federal government and the Columbia River Treaty Tribes.

BPA's 2,930 FTE in FY 1998 will provide reliable, economic operation and maintenance of BPA's 23.8 thousand kilometer ( 14.8 thousand circuit-miles) transmission system, 366 substations with a kilovolt -ampere capacity rating of 77 million kVA. This transmission system of lines, substations, control and communication facilities and associated utility and general plant are an investment of \$5 billion, with gross annual revenues of more than \$3 billion. BPA repays at market rates of interest the outstanding balances of the Government's capital investment in hydroelectric and thermal generating resources at 30 dams of the Corps of Engineers and the Bureau of Reclamation, BPA's system traversing 300,00 square miles and interconnecting electric utilities of eleven western States and British Columbia, Canada, and BPA's capital investments in energy conservation and fish and wildlife throughout the Pacific Northwest. At the

end of FY 1996, the outstanding balance was about \$9.4 billion before refinancing and will be about \$7.3 billion after debt refinancing. BPA's conservation programs deliver about 50 megawatt-hours of energy saving a year and its fish and wildlife program provides for average annual economic investment of about \$435 million in fish and wildlife facilities, habitat, foregone revenues and related economic costs in support of the region's fish and wildlife resources. BPA also received about \$30 million in 4h(10)(c) credits from the Treasury in FY 1996.

Program performance supports BPA's goal to:

- Provide electric power, transmission, and energy services in increasingly competitive markets.
- Support the achievement of BPA's responsibilities for fish and wildlife, energy conservation, renewable resources, and low -cost power for the region.
- Remain a low-cost producer and a creative and flexible marketer in the region, helping to ensure the economical and environmental health of the Pacific Northwest.
- Value individual diversity, entrepreneurial spirit, personal responsibility and the public service of BPA employees.

BPA's FY 1998 budget presentation reports performance measurement of accomplishment of seven strategic business objectives. These objectives are:

Objective 1. Achieve high and continually improving customer satisfaction.

Objective 2. Increase the value of our business and share the expanded benefits.

Objective 3. Be the lowest-cost producer of power and transmission services.

Objective 4 .Achieve and maintain financial integrity.

Objective 5. Keep the power system safe and reliable.

Objective 6. Invest in environmental results to sustain competitiveness.

Objective 7 Transform BPA into a high-performing, business-oriented organization.

Support Services Contracting Reduction: BPA established a goal to reduce contract full-time equivalent (CFTE) employment by 500 by 1997. This goal was set as part of BPA's transition to a leaner organization that would be better able to respond to the increasingly competitive energy environment. Overall, BPA reduced support services contracting from its FY 1994 baseline by \$24.4 million, or 18 percent in FY 1995. This resulted in CFTE reduction of 340 from the FY 1994 baseline of 1,911 CFTE. BPA's start-of-year FY 1996 CFTE reduction target was set at 143, which was to reduce CFTE from 1,571 to 1,428. This target has since been revised from 1,428 to 1,386. From its FY 1994 baseline to FY 1997, BPA's total cumulative support services contract reduction will be \$37.8 million, or about 27 percent, and a cumulative CFTE reduction of 525. In summary, by FY 1997 BPA met and surpassed its goal of CFTE reduction.



DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET  
BUDGET OBJECT CROSSCUT  
(In dollars thousands)

FY 1997	FY 1998 Congressional Submission		
Cong. Budget	Total	Personnel	All
BPA	BPA	related costs	Other
Costs	Costs	Only	Costs
1996	1996		
Estimate	Actual		

FY 1997	FY 1998 Congressional Submission		
Cong. Budget	Total	Personnel	All
BPA	BPA	related costs	Other
Costs	Costs	Only	Costs
1997	1997		
Estimate	Estimate		

FY 1998 Congressional Submission		
Total	Personnel	All
BPA	related costs	Other
Costs	Only	Costs
1998		
Estimate		

175,000	175,000	175,000	
1,000	1,000	1,000	
6,000	6,000	6,000	
182,000	182,000	182,000	
30,000	30,000	30,000	
11,000	11,000	11,000	
5,000	5,000		5,000
10,000	10,000	10,000	
4,000	4,000	4,000	
5,000	5,000	5,000	
1,000	1,000	1,000	
2,000	2,000		2,000
2,394,000	2,186,000	2,000	2,184,000
152,000	152,000		152,000
10,000	10,000		10,000
80,000	50,000		50,000
15,000	25,000		25,000
22,000	15,000		15,000
2,000	2,000		2,000
379,000	373,000		373,000
20,000			

180,000	173,000	173,000	
1,000	2,000	2,000	
6,000	6,000	6,000	
187,000	181,000	181,000	
30,000	30,000	30,000	
12,000	11,000	11,000	
6,000	5,000		5,000
10,000	10,000	10,000	
5,000	4,000	4,000	
6,000	5,000	5,000	
1,000	1,000	1,000	
2,000	2,000		2,000
2,442,000	1,266,000	2,000	1,264,000
160,000	175,000		175,000
11,000	10,000		10,000
44,000	50,000		50,000
19,000	25,000		25,000
11,000	15,000		15,000
2,000	2,000		2,000
394,000	473,000		473,000
18,000			

163,000	163,000	
2,000	2,000	
6,000	6,000	
171,000	171,000	
28,000	28,000	
10,000	10,000	
5,000		5,000
10,000	10,000	
4,000	4,000	
5,000	5,000	
1,000	1,000	
2,000		2,000
2,270,000	2,000	2,268,000
175,000		175,000
10,000		10,000
50,000		50,000
25,000		25,000
15,000		15,000
2,000		2,000
456,000		456,000

\$ 3,324,000	\$ 3,063,000	\$ 245,000	\$ 2,818,000	\$ 3,360,000	\$ 2,265,000	\$ 244,000	\$ 2,021,000	\$ 3,239,000	\$ 231,000	\$ 3,008,000
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Full-time Equivalents		3,160	3,160	0
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3,131	3,131	0
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2,930	2,930	0
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Average \$/FTE	\$ 969	\$ 78	\$ 892
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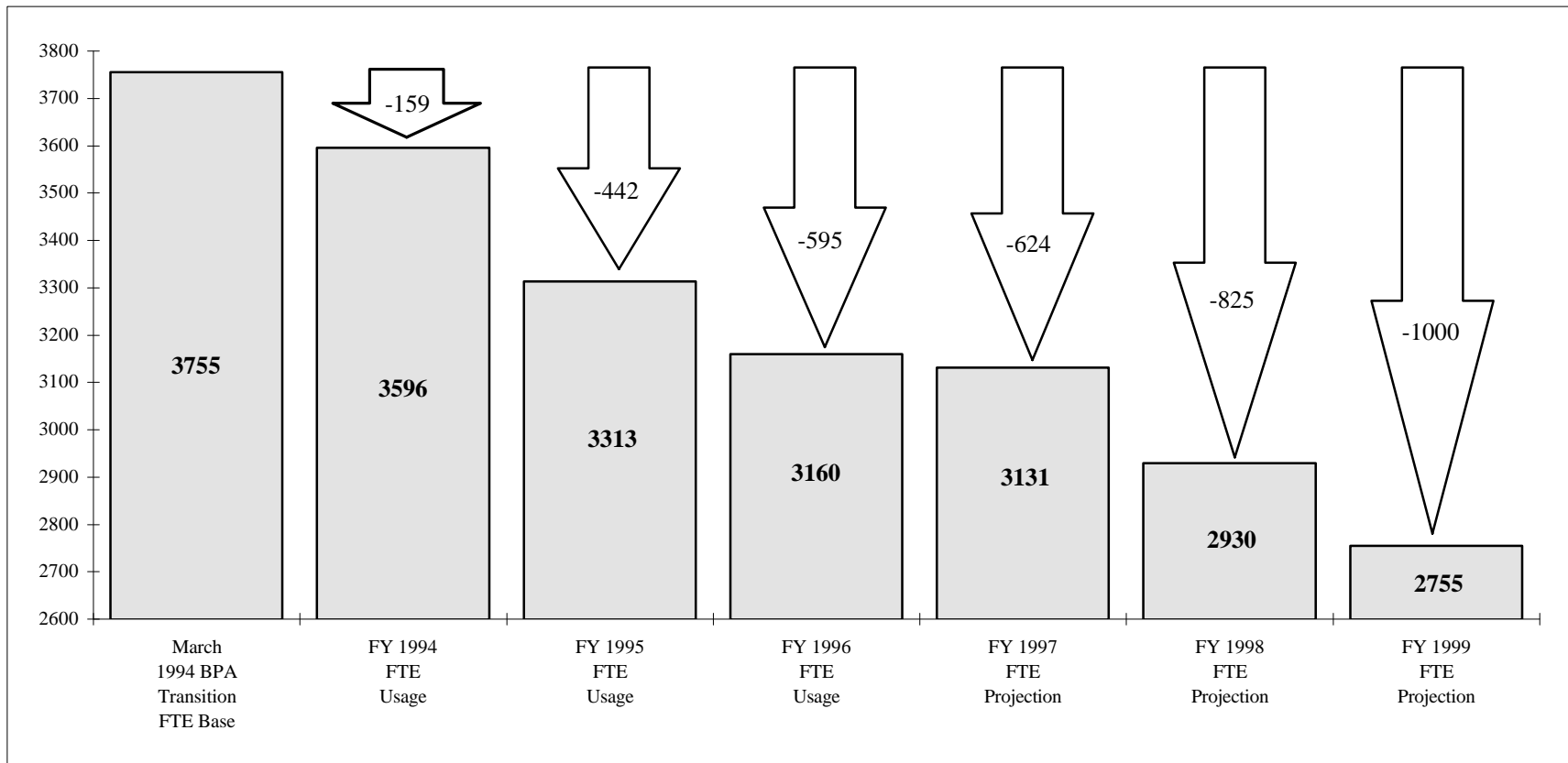
\$ 723	\$ 78	\$ 645
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\$ 1,105	\$ 78	\$ 1,026
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The FY 1998 sections of this tabulation include all budget costs and estimates of the BPA Fund as presented in BPA's FY 1998 Congressional budget submission. The left column of each FY 1998 section matches BPA's Object Classification Statement. In accord with the Congressional guidance, all object costs associated with Federal FTE are separated and reported in the center section of each year's section of the FY 1998 sections. No Federal FTE costs are included in the right column of each FY 1998 section. FTE costs include all BPA salaries, benefits, personnel travel, rents, utilities and printing for headquarters and field. There are no BPA FTE costs elsewhere.

**DEPARTMENT OF ENERGY  
BONNEVILLE POWER ADMINISTRATION  
FY 1998 CONGRESSIONAL BUDGET**

**BONNEVILLE FTE REDUCTION  
(Revised January 13, 1997)**



BPA's March 1994 baseline for FY 1994 was the number of filled positions (permanent and temporary, full and part-time, including student programs charged against FTE allocations) whose incumbents were actually on board and charging against BPA FTE. BPA identified this as baselines for both employment and FTE.

BPA has utilized the following number of Voluntary Separation Incentives (VSIs): 240 in FY 1994, 191 in FY 1995, 138 in FY 1996, and as of January 4, 1997, 49 for FY 1997.

BPA estimates it may use up to an additional 200 VSIs in FY 1997.